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The Nation's Business

Labor Appeasement Policy Fails

Canada's appeasement policy with labor has failed, just as that same policy in the field of international relations failed miserably in the year before the war. We must have a definite labor policy, make it known and enforce it rigorously with no favors.

This week Canada is facing major tie-ups in vital war production at the aluminum plant in Arvida, in the Cape Breton coal fields, in the National Steel plant at Hamilton. In one of the country's largest and most modern aircraft plants another tie-up is threatened.

A mere handful of workmen in the Arvida plant have cost us three full weeks of aluminum production. Thousands of tons of metal needed for British and Canadian war planes have been lost. Almost 10,000 war workers have been thrown out of employment. At least half a million tons of coal have been lost through the slow-down strike at Cape Breton.

This is a situation that cannot and must not be tolerated in war-time. It is exactly the same and just as serious as a major defeat on the battlefield. We are being unfair to the vast majority of Canadian workers who are willing and anxious to do their full share in winning the war. We are unfair to industry which has pledged itself and its resources. We are unfair to our armed forces who are offering their very lives and are absolutely dependent for their vital equipment on our war industries.

There has been little labor trouble in Great Britain because the people and the government of that bulwark of world defense are grimly determined to make this an all-out war effort, are determined that nothing shall interfere with their battle against Hitler.

Mr. King has proclaimed an all-out war programme for Canada. That programme has met full approval from one end of the country to the other. All classes, all creeds are ready to back it. But it has not been enforced.

The time has come when we must realize that we are engaged in a struggle of life and death. There can be no more appeasement. The public demands that the real saboteurs, no matter in what disguise they may appear, be treated as they deserve.

* * *

VITAL SOUTH AMERICAN RELATIONS

The announcement that the Minister of Trade and Commerce, J. A. McKinnon, Deputy Minister Wilgress and party propose to resume the South American tour which they were forced to abandon last winter is evidence that Ottawa is aware of the swiftly increasing importance to the Dominion of the Southern continent.

South America is a vital factor in hemisphere defense and that vast richly endowed continent now stands on the threshold of a great period of development.

Though sponsored by Canada's trade department, the tour is likely to be of greater immediate importance in the field of good neighborly relations.

It is now very clear that North America has too long ignored South America; that the democratic cause now suffers greater dangers than need have been because of that neglect.

The war has brought South America to the parting of the ways: whether to aspire to renewing her rôle as an economic output of Europe (when trade channels reopen), or to seek rather to link her fortunes with those of North America.

In making her main links with this continent, South America will be turning her back on the old system in which she produced vast supplies of raw materials and took back manufactured goods from Europe in return. Instead, she will be attempting to speed her industrial growth, to increase her continental independence and to raise her average standard of living far above its present low levels.

The interests of the United States and of Canada in South America are, in the main, mutual. Both countries want a democratic, stable South America. Both want a prosperous South America with millions of its population able and anxious to buy the high-standard-of-living products we have to sell.

The United States is now leading the way in a vast enterprise to help the southern continent achieve a transformation in its economic life with its enormous loans for industrial and public works developments. And if some of the immediate reason is to strengthen hemispheric defenses against Nazism, this programme promises to produce, on the longer-term, important economic benefits. To share in those later on, Canada must be ready to play her part now.

It is timely that Canada is doing something to show herself officially in the South American republics. If perhaps not immediately very momentous in dollar volume, benefits for Canadian business are sure to accrue.

* * *

CLARIFY WAGES POLICY

Only a few weeks have elapsed since the government announced its new wartime wages policy. This policy is stated to be "an integral part of the economic control in the national war effort." It centres around P.C. 7440 which has been clarified and strengthened.

This order-in-council prescribes the official wages policy for all war industry now included under the Industrial Disputes Investigation Act. It prescribes what is virtually a wage "ceiling" in these industries and decrees a mandatory cost-of-living wage bonus to meet current or subsequent increases in the cost of living. The same policy is "recommended" for all non-war industry. As a gesture in this direction each of the nine provincial governments has been asked to co-operate.

This co-operation was sought because at the present time, wage rates and policy in non-war industry are still a provincial prerogative. Unless and until the Dominion government takes steps under the War Measures Act to assume authority in this direction it has no effective jurisdiction over anything beyond wages in war industry.

It now becomes clear from information reaching The Financial Post from authoritative sources, that the extent of provincial co-operation is going to be very limited. Most if not all the provinces have indicated their willingness to play ball but such willingness is tempered by qualifications, by "ifs" and "buts." There are objections, for example, that provincial control extends only to agreements in respect of minimum wage contracts. There is evidence that there are misunderstandings and misinterpretations of the federal policy which in at least one important example, virtually nullified the programme.

All this adds up to but one answer, namely, the need for Ottawa to extend its wage control policy without delay into the field of non-war industry, and at the same time to move promptly and decisively in preventing basic wage rates from moving forward in violation of the spirit of 7440.

In face of rapidly rising wage rates in the United States and the general inflationary alarms which have been sounding along the wage-price front for many months, only very determined action can maintain Canada's experimental and revolutionary wage control policy, and make it "stick." It will not stick if non-war industry bids in a narrowing labor market against war industry and if only one group is subject to control over basic wage rates.

One important step to facilitate the programme and assist in its success would be the assumption by Ottawa from the provinces, of authority to direct wage policy in non-war industry.

Can. Bread Unit Profit Cut Thin

Earnings Per Loaf Down to 1/7 Cent From Half a Cent in 1939—Surplus Small

Although selling prices of Canada Bread Co. products have not been generally increased, production costs have increased substantially. Wheat now costs 75 cents per bushel, plus 15 cents tax, a total of 90 cents, against 53 cents in Aug., 1939. Unit profits—a unit being equal to one loaf of bread—are now down to 1/7 cent, against ¼ cent for the 1940 year and ½ cent for 1939.

On the sales dollar, net profit amounted to 1.8 cents.

Total operating revenue for the year ended June 30, 1941, amounted to $7,607,974. The following table shows how this was disbursed:

Breakdown of Bread Dollar
Year to June 30, 1941

	Totals $	%
Ingredients & wrapping	3,365,920.35	44.2
Wages	2,571,149.08	33.8
Supplies	1,017,601.08	13.4
		91.4
Taxes (municipal, sales, corporation & income	179,908.34	2.4
Advertising	74,520.86	1.0
Depreciation	226,585.54	3.0
		97.8
Bond interest	32,323.94	.4
Dividends	125,000.00	1.6
Operating profits to surplus	14,964.63	.2
	7,607,974.40	100.0

Need of Reserves

The small surplus available after payment of preferred dividends, amounting to only 0.2% of operating revenues, is deemed low in view of need of reserves to meet postwar conditions. In this connection, C. H. Carlisle, president, says:

"Due to the conditions growing out of the present war, our Government found it necessary to establish certain controls and to fix certain prices of ingredients used in our products, but failed to give any protection to selling prices. No patriotic individual, company or institution chooses to make an excessive profit when the country is at war, but it is patriotic to see to it that when we enter postwar conditions, the industries of the country are basically sound, and in a position to carry on.

"This is necessary, not only for the protection of the company itself, but for the protection of the employees and for the Government as a source of tax revenue. Without undue delay there should be an equitable selling price established, based on the cost of production, whereby the industry may be self-

(Continued on page 2, col. 2)

More Strikes Staged By More Strikers

So far in 1941, industry has been disrupted by more strikes and idleness of more strikers than last year.

Nearly 500 more workers went on strike in June than in the same month of 1940, 2,200 more in the first six months of this year. A total of 7,320 workers were involved in walkouts in Canada in June, compared with 6,837 in June of last year, according to the latest monthly strike bulletin of the Department of Labor. This raised the cumulative total of strikers for the year to date to 37,393, against 35,207 in 1940.

The number of strikes reported has also risen this year. The 29 walkouts in June raised the figure for the first half of the year to 125, compared with 87 in 1940.

However, the readiness of strikers in many cases to return to work after a relatively short period has reduced the loss of working time from strikes. The loss was only slightly lower in June, but in the first six months amounted to about 152,000 man-working days—a drop of 15% from last year's total of nearly 180,000.

The chief walkouts in June were those involving hosiery and electrical workers at Toronto, button workers in Kitchener, Ont., coal miners at Sydney, N.S., and loggers in B. C. Thirteen of the disputes involved less than 100 employees each and caused relatively little time loss. In eight cases, parties to the dispute resorted to the conciliation machinery of the Industrial Disputes Investigation Act.

STRIKES IN CANADA

	June 1941	June 1940	May 1941
No. of strikes	29	14	35
No. of strikers	7,320	6,837	6,292
*Time loss	38.143	38,827	23,926

First Six Months

	No. of Strikers 1941	No. of Strikers 1940	*Time Loss 1941	*Time Loss 1940
Jan.	1,453	919	3,238	6,861
Feb.	1,787	3,041	7,514	12,749
March	1,135	1,989	3,515	14,490
April	19,406	13,839	75,430	64,914
May	6,292	8,590	23,926	51,122
June	7,320	6,837	38,143	38,827
Total	37,393	35,207	151,766	179,413

* Man-working days.

See Malton Plant Strike Threat as "Double Game"

OTTAWA — Threat of strike at the National Steel Car Co. plant at Malton is interpreted here as an attempt to play a "double game" pending outcome of conciliation board findings in the aircraft industry in Montreal.

The Malton conciliation award which is being rejected by the workers brings Malton wage rates above any others in the Toronto area. As well, workers are granted a new wage allowance of 2¼ cents per hour for transportation cost. The new rates are equal to the wage schedule now prevailing in Montreal aircraft plants.

But a conciliation board is now sitting in Montreal to discuss new demands of all aircraft workers in that area for further wage and working benefits. The hold-out at Malton is therefore thought to be an attempt to stave off a settlement pending the outcome at Montreal.

Drastic Move Meets Menace of Sabotage In New Labor Crisis

Ottawa Ready to Use Troops Against Forcible Tie-ups of War Output — Arvida "Putsch" Brings Situation to Head

OTTAWA: Under the menace of outright sabotage of Canada's war supply programme, the Canadian Government moved with armed force to break the most serious labor blockade to date in war output.

At the same time, it took new powers to suppress any future efforts to hobble production by violence.

How much of the crisis at the huge Arvida plant of the Aluminum Co. was due to the agitation of the National Catholic Syndicate of Aluminum Workers and how much—or any—to deliberate enemy sabotage—the simple desire to halt production of a vital war metal—is not yet clear.

Mr. Howe calls it a suspected case of enemy sabotage and says arrests are likely to follow.

Perhaps significant is the fact that the halt was concentrated in that part of the plant where it would cause the longest delay. Mr. Howe suggests that production may not get into full swing for three weeks while metal solidifying in moulds is removed.

The Arvida plant was completely tied up for five days, and erection of a big extension halted, by the wildcat strike in which 300-400 workers seized control of the key pot room by force for four days.

National Steel Car Threat

The new outbreak of labor trouble at National Steel Car plant in Hamilton strengthens the conviction of informed observers at Ottawa that the professional fomenter of labor disturbance in war industries is increasing his activities. One union leader in this case is described by an official as "a fire brand and a well-known agitator who has been continually fomenting trouble."

At the same time, the S.W.O.C. (C.I.O.) union is held here as showing itself unable—or unwilling—to exert a firm and stable influence on its members.

Output of basic war supplies at the main plant of National Steel Car Corporation at Hamilton was seriously held up—though reportedly not entirely tied up—by the second strike in three months. The walk-out was staged in protest against refusal of the Government controller at the plant to make an agreement with the Steel Workers Organizing Committee (C.I.O.), because of legal obstacles to Crown agreements with unions.

Tension on Cape Breton Showdown

In the Cape Breton coal miners "slow-down strike" developments this week show stiffening on the part of workers against government pleas to co-operate and to get down to business.

Furthermore, slow-downers' strategy is now moving around so as to confuse in the public mind the real issues at stake; to claim that the slowdown started as a means of forcing union demands, thus to attempt to suggest that Dominion Coal Co. is in some way a "belligerent" in the struggle. By this time well known, of course, is the fact that the slowdown started simply as a result of an internal dispute between rival union factions.

For a further report on these three situations, please see page 2.

Jap Trouble Hits Silk, Some Foods

The latest flare-up in the Far East has important angles for a wide range of Canadian industry.

Whether or not Canada will specifically prohibit all trade with Japan is now actively under consideration.

At mid-week Canada had moved only to freeze all Japanese assets in Canada and to announce termination of the trade pact with Japan. This latter move does not become officially effective until a year from now.

Impounding of Jap assets merely ties up cash balances, etc., in this country. It does not preclude transmission of new Japanese funds to Canada for trade purposes if that country still wishes to trade. It does preclude shipment of personal effects to Japan, which has been an important trade item in recent months.

At the moment, the matter is not immediately pressing so far as a Government decision is concerned because there are no Jap ships in Canadian ports to take goods away. Canada presumably will follow the U.S. lead in permitting such ships to land if they arrive.

Our major direct import from Japan is silk, a commodity which Canada had already taken steps to restrict prior to Japan's aggression against Indo-China, for exchange reasons.

Trade with Japan has been drastically restricted in past months. But affected by the new situation are lumber, pulp and metals, and British Columbia is the section of Canada that will feel it most severely.

Other commodities coming from the Far East, and possibly threatened by war complications in that area, are rubber and tin. For these essential materials, the latest flare-up is primarily a threat to transportation, something which has been foreseen almost since the outbreak of war. Only in the event of actual hostilities in the Far East is it likely that any further difficulties will be encountered above those already prevailing.

End Silk Imports

The move is likely to mean virtual blotting out of Canada's present limited raw silk imports from the United States.

At the same time Canada stands to

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The War And Business . . A Weekly Round-up

U. S. and Japan

The United States will not become involved in actual war with Japan if it can be possibly avoided, Washington despatches maintain. President Roosevelt and his close advisers, it is declared, are convinced that they would be playing into Hitler's hands if they chose any other course. War with Japan at this stage would tie up much of the U. S. navy, at least temporarily, and would undoubtedly divert U. S. war production away from Great Britain.

On the other hand Washington is reported perfectly aware that the latest move of Japan southward endangers American possession of the Philippine Islands, tends to drive a wedge between the British and U. S. naval forces in the Pacific. Every effort apparently is to be made through economic pressure to keep Japan from really entrenching herself in French Indo-China and if this pressure results in Japan declaring war, then that move will faced.

Aside from none too large reserves Japan absolutely depends on British, Dutch and American possessions for vital supplies of oil, rubber, iron, steel, base metals, wool, cotton etc. Until last week the Japs were allowed these vitals in moderate quantity.

* * *

Gasoline Curb

The attempt to have consumers in the eastern United States voluntarily curtail their consumption of gasoline and other oil products has been a failure, according to word from Washington. Sales of seven large distributors last week actually increased. The next step, it is said, will be an educational programme, followed by official rationing, in order to ensure an equitable distribution.

Canada is vitally interested in any gasoline restrictions across the line. Many observers believe that our efforts to cut consumption here in advance of American moves was a mistake that seriously threatens our tourist trade.

In Ottawa this week Oil Controller Cottrelle stated that the public is co-operating well in voluntary move to reduce gasoline consumption. He denied rumors that rigid rationing scheme is to be adopted almost immediately.

* * *

Out of Tuna

Canadians who had acquired a taste for canned tuna have probably been wondering why it has practically disappeared from the Canadian Markets when this fish is reasonably plentiful on both the Atlantic and Pacific coasts of Canada. In pre-war days practically all of the canned tuna used in the Dominion was imported, chiefly from Japan, the United States and British Borneo. The War Exchange Conservation Act stopped the importations, except from British Borneo. In 1939, Canada imported about 2½ million lb. of tuna.

Some canning of the fish has been carried on spasmodically in Nova Scotia and a little is done in British Columbia. There is no indication yet of any new expansion.

* * *

But Plenty of Herring

In canned herring, on the other hand, Canada has developed a huge new war business. Canada's total output of canned herring in 1938 was but 79,378 cases of 48 lbs. each with New Brunswick and British Columbia producing about 35,000 cases apiece. Practically none of this pack was exported to the United Kingdom.

Quite early in the war, the British consumer found it necessary to look to new sources for supplies of herring and the result was an immediate expansion in canning in the Dominion, especially in British Columbia. By 1940 the Pacific Coast pack exceeded 727,000 cases, about 10 times that of the whole of Canada pre-war and was worth nearly $2.6 millions.

* * *

Tariff Sensitive U. S.

U. S. Congress opposition to a duty-free bill on defense goods does not augur well for any breaking down of tariff barriers after the war. Recently a measure was introduced at Washington which would eliminate the duty on any materials imported for defense. Farm labor and industrial blocs are afraid that the bill would permit any agency of the government to place an import on the free list, whether for punitive or defense reasons.

Rumors say that unless the bill is revised to limit express authority to the armed services and includes a definite period of termination, there seems very little chance that it can get through Congress over the opposition of all pressure groups.

* * *

Victory Loan Costs

Not long ago there was considerable elation in Government circles about the low cost at which the National Victory Loan campaign had been floated.

Now that bills are coming in it looks as if the final costs may show a very different story.

Until more is known about these costs there will not be any final decision as to the manner in which the various bond houses who contributed time and services will be remunerated. General canvassers are understood to have received payment for their services already.

* * *

U. K. and Air Training

There are quiet but persistent indications that the British are steadily increasing their participation in the Air Training Plan over and above original intentions.

Publication of official figures as to personnel etc. is prohibited but the trend of developments suggests that both now and in the future the extent of British personnel is being greatly increased.

* * *

Check Retailers

Private surveys have been undertaken recently by the Wartime Prices and Trade Board as to prices, margins, etc., of retailers and wholesalers. These have been conducted by experienced inquisitors acting under the Board's authority. Though the reports are not yet complete, it is understood that the situation revealed is encouragingly favorable to the trade.

There has been comparatively little "chiselling" or taking unfair advantage of rising prices to boost consumer prices unduly.

* * *

Commodity Reports

In some quarters it has been suggested that the Price Board should furnish the public with a continuous report on the commodity markets, warning of any shortage that might be expected. It is considered very doubtful whether the Board will consider such action. The net result, it is believed, would be continuous runs and hoarding of items where shortage threatened, with reduced supply for those forced to buy on a more or less hand-to-mouth basis. That was what happened with sugar in the early days of the war though actually there would have been enough of this product to go around if the public had bought normally.

Sometimes too the public might err the other way, as it did apparently with pork last month. Certain government spokesmen urged that consumption of pork be curbed with the objective of permitting greater exports to Great Britain. It is now reported that so enthusiastic was the response in some places that merchants were left with perishable fresh pork on their hands, no good to export and soon no good even to sell locally.

Cheese Trade Shift

The United States Government is planning to export 250 million pounds of cheese, or 44% of American production, to Great Britain this year. Normally no American cheese goes to Britain. Present deal is made under Lease-Lend.

Prices in Wisconsin, chief source of American cheese, have advanced from 13 cents a pound a year ago to over 18. This is to the farmer and for Cheddar, the same type as is largely produced in Canada.

This new American export is not expected to affect the Canadian cheese industry as we have already contracted to supply Brittain with at least 112 million pounds this year or substantially in excess of recent pre-war exports. American shipment may hit New Zealand, however, which in normal times is Britain's largest single source of imported cheese. However, Denmark, before its conquest by Germany, was also an important shipper and it is mainly this supply that the United States will replace.

* * *

Publicity in U. S.

The yarn about a $2 millions propaganda drive by Canada in the U. S. has been quickly denied.

Certainly Ottawa officials have been discussing need for U. S. publicity, but it is insisted that nothing like $2 millions is involved; that there won't be a high-powered "propaganda" campaign of the type which most people envisage.

Keynote of the new programme, which should crystallize soon, will be the appointment of one person with headquarters in Ottawa to make the most of opportunities for good "public relations" which Canada gets in the U. S.

Radio and movie publicity will be extended. A feature of the new plan will be a bureau to organize Canadian and U. S. speakers who are competent and willing to speak in the U. S. on Canada's behalf.

* * *

Milestones

British Empire, the United States and the Netherlands break off normal relations with Japan. . . . 1942 passenger car production in Canada to be cut to "less than half the 1940 figure," announces Munitions Minister Howe. . . . Canada-U. S. economic committees to meet in Ottawa next week. . . . U. S. Congress to close hearings on St. Lawrence project next week. . . . Canadian war contracts for week ended July 10 numbered 3,912 and totalled $11.7 millions.

Forming Labor Trouble Patrol

OTTAWA.—The sabotage at Arvida might never have occurred had a staff of trained, expert investigators been available in Canada to "patrol" labor conditions and relations in vital industrial plants.

For months past, efforts have been made here to expand the conciliation service of the Department of Labor. This service comprises at present only eight men, of whom four are juniors. Following civil service examinations held recently it is hoped to expand this to 19.

Even the enlarged staff is considered entirely inadequate to meet a need over which farsighted officials have worried for months—to put all plants doing war work under the eye of competent, trained investigators.

"We should long ago have been getting labor-wise reports on each important war plant," a senior labor official told The Post.

"Such men would be responsible for seeking out trouble spots. Every vital setup in war industry needs constant patrolling to see what sort of bugs are developing and then getting them out. It may be wages or hours, or only small matters such as heat conditions in a plant."

Rail Earnings At Record

From Our Own Correspondent

MONTREAL.—Canadian railways operated at the highest level in history in the first six months of the current year, operating statements of Canadian Pacific Railway Co. and Canadian National Railways reveal.

Earnings of both railways have moved well above 1928 and 1929, heretofore considered a mark at which to shoot.

Combined net earnings of both C. N. R. and C. P. R. totalled $52 millions, compared with $28.8 millions in the first half of 1940, an increase of 80%.

The next highest combined net earnings in Canadian rail history date back to 1929 when the companies reported net of $36.7 millions. In 1928 the combined figure was $33 millions.

Significance for the C. N. R. is that for the first time since 1928, it is regarded as most probable the railway will be able to pay full interest on debt in hands of the public.

Prospects are than C. P. R. will be able to better net profit for 1940 of $20.1 millions by a wide margin. Earnings on the common shares amounting to $1.13 in 1940 will consequently be improved upon.

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Violence at Arvida

Canada's output of aluminum, so important in airplane construction for Britain, the United States and Canada, received a severe setback last week from a forcible blockade of production by workers at the Arvida plant of Aluminum Co. of Canada.

Work has been resumed following a five-day tie-up of operations which started July 24, but it is not evident at mid-week that full-scale operations have been resumed because Hon. C. D. Howe stated that three weeks would be required to chip out metal which solidified in the pots when work stopped.

Strikers Stay in Plant

Trouble apparently started July 24 in the "pot room" when 400 day-shift workers struck and seized control of the pot-room unit. The remaining 5,000 workers in the big plant stopped work the following day and later 4,000 employees of Foundation Co. of Canada, who were engaged in building an addition to the plant, downed tools. For a period an estimated 300 to 400 men held possession of the plant but left voluntarily on July 27. Mr. Howe stated no damage had been done to machinery so far as he knew.

Troops and Royal Canadian Mounted Police have been sent to reinforce local authorities and provincial police. Mr. Howe also stated that delay was experienced in bringing in military protection when difficulty was found in getting authority of municipal and provincial authorities.

Enable Troops to Act

This authority had been necessary under existing Defense of Canada Regulations, but an order-in-council has since been passed giving Dominion authorities power to act promptly on their own initiative without first approaching provincial authorities.

Union Acting for Men

At a mass meeting, July 29, workers agreed to return to their jobs. They have asked the National Catholic Syndicate of Aluminum Workers to present their case to the Government so that a conciliation board may be organized. It appears that only a minority of the Aluminum Co. workers were members of the union prior to the flare-up. Reports from Arvida indicate that the men are asking for wage increases, for "potmen" from 49-51 cents an hour to $1, and for other workers increases of from 20 to 30 cents an hour.

In his statement Mr. Howe said that "this was not a labor dispute," and added that officials of the N. C. S. A. W. knew nothing about the action of the men. He insisted there had been no demands for higher wages nor changes in working conditions.

May Anticipate Trouble

Under the latest regulations, the Minister of Munitions and Supply, when he fears any interruption to a defense project or war work, first asks the Commissioner of the R. C. M. P. to take such measures as he considers necessary to "prevent, suppress or terminate such riot, disturbance or other action as aforesaid, actual or anticipated." If the Commissioner finds that municipal, provincial and R. C. M. police are inadequate to handle the job, he so reports to the Minister of Munitions and Supply. The latter then notifies the Minister of National Defense who directs the active militia to take necessary measures. Officers and men of the militia on such duty become special constables.

A strike or peaceful persuasion of one person by another to take part in a strike is not to be considered an action to be prevented or suppressed under this regulation.

Every person employed in production, transportation, storage or delivery of munitions or war or supplies, or engaged on a defense project who does anything to obstruct or delay such works becomes guilty of an offense. On conviction, such a person becomes liable to prison terms up to two or five years. Taking part in, or peacefully persuading any other person to strike, is not considered an offense under the new regulation.

Japs' Threat Affects Silk Few Foods

(Continued from page 1)

benefit by greatly increased demand for rayon pulp in the United States.

Canada's direct trade with Japan has already declined to the vanishing point.

Freezing of the raw silk market in the U. S. and the expectation that Jap silk exports to the U. S. (about 81% of the nation's supply) would be cut off will mean virtual cessation of imports into Canada, Ottawa believes.

Last December, purely as a matter of U. S. dollar exchange conservation, Canada inaugurated a plan to curtail raw silk imports from that country. Canada's normal silk imports amount to about 2.3 million pounds valued at about $6 to $7 millions annually.

As regards direct trade between Japan and Canada so many prohibitions have been placed on this in recent months that it had virtually disappeared before last week's political moves.

Canada's exports to Japan used to total $25 millions or more annually. Chief items were metals and minerals, timber and pulp, wheat and flour. Metals exports were gradually cut down from the beginning of the war, starting with a prohibition on scrap iron about 18 months ago. Wheat and flour were placed under ban as of Feb. 13 (except for certain orders placed prior to that time). As of April 1 everything going to destinations outside the western hemisphere and the British Empire was put under strict export permit system. Trade in the calendar year 1939 had shrunk to about $7 millions and in 1940 dropped further to $1.3 millions. Since April 1 there have been further restrictions placed on Jap trade, one of which went into effect about two weeks ago.

See separate article on effect on various industries, page 5.

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Base Metals	15	Normetal	15
Berens River	15	Pickle Crow	2
Bralorne	14, 15	Porter Idaho	15
Broulan	14	Powell Rouyn	15
Candn. Malartic	14	Preston E. Dome	15
Central Cadillac	14	Sigma	15
East Malartic	15	Siscoe	14
Grandoro	15	Sladen	14
Hayes Cadillac	15	Steep Rock	14, 15
Hudson Bay	14	Sylvanite	14
Inter. Nickel	14	Terrace Oil	15
Jerome	15	Upper Canada	15
Kerr-Addison	15	Waite Amulet	14
Lamaque	15	Wendigo	14
Macassa	15	West Malartic	14
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Beattie Gold Mines Reports Profit Up

Operating profit increased to $218,900 at Beattie Gold Mines in the three months ended June 30, 1941, from $197,637 the previous quarter. Figures in each case are after taxes but before allowance for depreciation.

From the gold fields of the Yukon to the gypsum plants of Nova Scotia, the Bank of Montreal is co-operating with Canadian MINING, by providing its various enterprises with the efficient, specialized forms of banking service each requires.

Serving Canadians and their industries in every section of the community, we invite you to discuss YOUR banking requirements with us.

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PICKLE CROW STILL IN ORE

Drifting on ore at the 2,200-ft. level of Pickle Crow Gold Mines continues to expose a grade of ore similar to the high grade already opened up at this level, The Financial Post is informed. The north zone is also stated to be responding to development.

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Canada Bread Unit Profit Cut Thin

(Continued from page 1)

sustaining and take its place in the reconstruction period."

Reviewing the six-year period since the company was reorganized, Mr. Carlisle pointed out that the company's business has shown a total increase of 48% in the period, and that the 6% first mortgage bonds will be redeemed in full on Aug. 1 this year, compared with $940,400 outstanding at the beginning of the period.

The company's 68 plants and depots from Montreal to Winnipeg have been kept in excellent condition, Mr. Carlisle states. It is not deemed in the interest of the company to make further expansions or capital expenditures during the war.

Canada Bread

Higher costs in the fiscal year ended June 30, 1941, resulted in lower operating earnings for Canada Bread Co. than in the 1940 year. Although payment of preferred dividends was lower than in the preceding two years, owing to the wiping out of arrears on the B stock, the surplus for the year was $20,027 compared with $72,364 last year. Net profit from operations amounted to 1/7 cent per loaf in 1941, ¼ cent in 1940 and ½ cent in the 1939 year.

Working capital rose to $329,760 in the period, $67,741 higher than at the beginning of the period. As previously announced the company will redeem all the remaining 6% first mortgage bonds, amounting to $528,700 at June 30, 1941. At the time of the reorganization six years ago, $940,400 of the bonds were outstanding. In the six-year period the company has disposed of unprofitable property at a loss of $126,641, and has shown each year a satisfactory increase in the volume of business — the accumulated increases have now reached 48%.

Consol. Income and Surplus Account
Years Ended June 30

	1941 $	1940 $
Operating profit	494,021	523,296
Add: Int. on invest.	5,063	8,964
Prof. on real estate	......	7,307
Profit on bonds	......	4,182
Total earnings	499,084	543,749
Less: Depreciation	226,586	211,120
Bond interest	32,324	34,380
Prem. on bds. red.	147	2,135
Inc. & corp. taxes	95,000	80,000
Net profit	145,027	216,114
Less dividends:		
First preference	62,500	62,500
Class B pref.	62,500	81,250
Surplus for year	20,027	72,364
Add: Prev. surplus	479,079	374,715
Adj. prior depr'n.	......	32,000
Surplus forward	499,106	479,079
Earnings per Share:		
5-6% 1st pref.: Earn.	$11.60	$17.29
Paid	5.00	5.00
5% 2nd pref.: Earn.*	3.30	6.14
Paid	2.50	3.25
Common: Earned†	0.10	0.28
Paid	nil	nil

*Before taking participation provision into consideration.
†After taking participation provision into consideration.

Working Capital

	$	$
Current assets	840,380	740,745
Current liabilities	510,620	478,726
Working capital	329,760	262,019

CAN YOU USE THIS EXECUTIVE?

This man is a Chartered Accountant, engaged outside the profession. He is experienced in all kinds of audits; executive work, handling large organizations. Present business has suffered due to the war and he wishes to make a change. He possesses highest recommendations from prominent business executives. He is 39 years of age. If you want an executive of ability and sound judgment, he is your man. Write,

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Advertising Agency
38 King Street West, Toronto, Ont.

Nat'l. Steel Car Case

By STAFF WRITER

OTTAWA.—It is claimed here that the Government reached an agreement some time ago which was considered satisfactory by the heads of the union. But apparently the leaders involved have been unable to make the arrangement "stick."

In short, the Government has been adhering to an opinion by the Department of Justice which bars the Crown from dealing directly with labor unions. The point was raised first in the case of Canadian Broadcasting Corporation employees. It was raised again in the matter of National Harbors Board employees. It was also under dispute with the wholly owned Crown company, Federal Aircraft.

One official told The Post that such an attitude was "poor law and worse policy." His view was that the Government, even if it could not sign an agreement, should have acted more promptly in negotiating with union representatives once it took over control of the plant.

Offer to Union

On the other hand it is stated that the Government did make it quite clear to the union representatives that the Government, though "unable" to deal with unions, as unions, was nevertheless ready to:

1. Meet a committee of employees elected by the union.
2. Iron out all grievances.
3. Draft a settlement in the form of regulations which would be applied generally and immediately throughout the plant.

This, it is contended, was union recognition "in principle."

With it was coupled the recent offer which, it is said, paved the way for meetings first with the assistant plant controller, A. F. Gill, then if necessary with E. J. Brunning, plant controller. Finally, if these proved unsuccessful, a direct contact with the Government itself was to be arranged.

If it is true that the Government was dilatory because of legal inability to bargain directly with unions, it seems equally true that when an agreement was reached at Ottawa as to a basis of settlement, the rank and file at Hamilton repudiated the advice and obligations of their leaders. Again, doubts are expressed that any agreement or understanding would have been lived up to, while professional agitators of the Dalrymple type remained at large to incite trouble.

Cape Breton Slowdown

From Our Own Correspondent

MONTREAL. — Sabotaging of Canada's war effort through production curtailment in the Cape Breton coal mines continues into the eleventh week with the end still not in sight.

Fight for control of the coal unions in the Cape Breton area continues between the "outlaws" and John L. Lewis' United Mine Workers. Hon. Norman McLarty's appeal to the miners, via press and radio, to drop the slowdown policy has received no consideration; rather the minister has been told by the miners the programme would continue "unless you change your attitude."

Situation is Changing

The situation is undergoing a subtle change, which threatens to broaden the dispute and to make the public lose the sight of the causes which brought about the slowdown in operations.

Production curtailment developed out of the opposition of a small group of miners to the failure of the United Mine Workers executive of Local 26 to submit the new wage agreement with the Dominion Coal Co. to a referendum.

Change in Appeal

In the past week the outlaw section of the U.M.W. has taken a new tack. In a move for public support, it is claiming the slowdown started as a means of enforcing wage demands. This claim cannot be substantiated by facts.

The outlaw movement started in a small way. It has been steadily gaining in strength. At present the outlaw convention represents some 9,000 workers in 11 collieries.

From the start the executive of Local 26 of the U.M.W. was unable to control the situation. The International headquarters sent Silby Barrett to straighten matters. His first action was to announce that miners had to live up to the agreement signed between the union and the Dominion Coal Co. The slowdown continued, and a number of the outlaw leaders were threatened with expulsion from the union. Then Barrett had John L. Lewis issue an ultimatum to three of the local unions threatening them with the loss of their charter.

These efforts by the U.M.W. to bring the workers back into line have not succeeded. All signs now indicate the outlaw group has gained in strength and become a real challenge to the U.M.W. for control of union affairs in the Cape Breton coal field.

U.M.W. Changing Stand

Now it would appear that the U.M.W. in order to retain control of the unions is swinging around to support a demand for higher wages.

The opening wedge in the changed policy of the U.M.W. is seen in the press statement credited to Silby Barrett that, while in Ottawa this week, he had requested the Dominion Fuel Board to permit an increase in the price of coal "so that this cost-of-living bonus at least would be extended to the coal industry as a whole."

In the proceedings before the Conciliation Board early in the year, the majority of the board found in favor of an increased remuneration for the miners, but said the new rate was all the company could possibly pay.

Separate Red Cross Appeal is Unlikely

By STAFF WRITER

OTTAWA.—Withdrawal of plans for a Red Cross drive in 1941 and the pooling of all war services campaigns into a big united drive in early March, 1942, is now virtually assured. The amount which Canadians will be asked to subscribe at that time is probably near the $15 millions mark.

Last year the Red Cross asked for $5 millions and obtained over $6 millions in a nation-wide drive. Since the beginning of the war it has collected over $11 millions. In the spring Canadian War Services Fund, Inc., set out to raise $5.5 millions and obtained $7 millions. This fund comprises six organizations: Y.M.C.A., Salvation Army, Canadian Legion, Knights of Columbus, Y.W.C.A. and the I.O.D.E. Its president is J. Y. Murdoch, K.C.

For some weeks conferences have been held between Justice P. H. Gordon, chairman of the executive committee of the Red Cross, and senior government officials, with a view to linking up the Red Cross with the War Service Fund in a joint campaign. As a result the Government has requested the Red Cross not to proceed with any separate national drive of its own this year but to join with the C.W.S.F. in a united campaign next spring.

Important savings to businessmen and community organizations in time and money already made through formation of Canadian War Services Fund will be further extended with the inclusion of the Red Cross. It is expected that one or two other organizations not now included in C.W.S.F. will also join in the 1942 campaign.

The budgets of all participating organizations will be carefully scrutinized in advance by the National War Charities Fund Advisory Board under the chairmanship of C. L. Burton of Toronto.

I.H.E. System Will Balance 1941 Charges

From Our Own Correspondent

MONTREAL.—International Hydro-Electric System, in whose debentures there is a wide Canadian investment interest, is expected to receive in interest and dividends this year a sum within $200,000 of meeting its own expenses and interest on its 6% debentures. This deficiency can be covered without difficulty, as at the beginning of this year the company had bank balances of around $950,000.

For some time the debentures have been selling at a heavy discount because of the uncertainty over revenues and possibility of difficulties in taking care of the debentures when they mature in 1944.

In respect to revenue I. H. E. S. is a holding company and is dependent on cash received from subsidiaries, principally Gatineau Power Co., New England Power Association, Hudson River Properties and System Properties Inc.

Income is Limited

Because of heavy tax increases, New England Power Association had to suspend dividends on its common stock in 1936 and has never been able to resume them. About the same time Gatineau Power had difficulties over its contracts with Ontario Hydro and had to suspend dividends. This meant the System had to draw heavily on its cash resources to keep going until 1938 when Gatineau resumed dividends.

Since Oct., 1938, the System has been receiving just about enough cash from its subsidiaries, principally Gatineau Power, to cover expenses and interest charges, but there has been little or no margin to spare and the System had not been able to rebuild its cash balance.

The war has not helped the System; in fact has been definitely an adverse factor.

Gatineau is Important

Dividends from Gatineau Power represent nearly two thirds of the System's total cash receipts. In 1940 Gatineau paid 80 cents a share, compared with 85 cents a share the year before. Deducted from this was the 10% shrinkage on account of exchange differential.

Since then Gatineau Power Co.'s earnings have been hit by a further sharp increase in taxes which has not been offset by a compensating increase in gross earnings. There is the possibility of a cut in the dividend rate on Gatineau common shares.

The decline in U. S. dollar revenue from the System's holdings in Gatineau Power has reduced the margin of safety on the coverage of the 6% debentures.

It is still problematical as to what the System will do in respect to maturity of the debentures in 1944. As things stand now it appears more than likely some form of extension or adjustment will have to be worked out three years hence, if not before.

Auto Output Reduction Effected

By STAFF WRITER

OTTAWA.—Though specific figures have been withheld, the estimate last week by The Financial Post of savings in vital war materials through a drastic cut in automobile production is confirmed here with official announcement that production of passenger cars for sale in Canada in 1942 would be cut to 44% of the 1940 calendar year output.

The estimate made by The Post was for savings approximating 150,000 tons of metal.

At the present time passenger car production is limited to 80% of the 1940 total. In that year Canada produced 110,000 passenger cars for sale. The new order of a cut to 44% may be further extended if changing conditions warrant it, according to J. H. Berry, Motor Vehicle Controller.

Another important source of saving is the limitation on new models. This year 147 types of passenger cars were offered to the public. Next year only 79 types or models will be permitted. Simplification of accessories on new cars has also been requested.

A study of the situation regarding light delivery trucks as compared with heavy haulage vehicles used primarily in providing essential transportation services is also being worked out.

NOTICE is hereby given that the Dominion Insurance Department has granted Certificates of Registry Nos. C760 to C764 both inclusive authorizing New York Reciprocal Underwriters, Individual Underwriters, American Exchange Underwriters, Affiliated Underwriters and Metropolitan Inter-Insurers to transact in Canada the business of Personal Property Insurance, in addition to the classes for which they are now already registered.

V. W. GERRISH,
Chief Agent for Canada.

July 21, 1941.

Dorothy Thompson WRITES from LONDON

"Do not try to break these people, Germans. You will do more than break your weapons, you will break your hearts."
—Dorothy Thompson

Let Dorothy Thompson, columnist extraordinary, portray for you the SPIRIT OF ENGLAND in this present crisis. Don't miss one of her stirring articles from action centres, now appearing exclusively in

The Globe and Mail

Order from your Dealer, Carrier, Postmaster or Rural Mail Courier—TODAY!

"St. Andrews" Golf Jacket

Here's a sport windbreaker that's a big favorite with golfers! Tailored exclusively for Simpson's from fine lightweight English weather-repellent cloth, in a design that combines good appearance with outstanding comfort and freedom of action. Two styles: pleated full back, with yoke and adjustable straps at waist; or popular bi-swing back, with elastic inserts at bottom. Both models have turn-down collar, patch pockets with button flaps, and full slide-fastener fronts. Popular sand shades. Sizes 36 to 44, each 7.95; Outsize, 46, each 8.25.

Simpson's

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K. G. B. KETCHUM, B.A., HEADMASTER

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Present world conditions and a consciousness of tremendous tasks ahead make education today an increasingly important national responsibility. This school offers a complete educational programme for boys from eight years of age to Honour Matriculation; also Business Courses for senior boys. Besides an academic curriculum, Pickering offers an activity programme which develops the boy's personality and prepares him for citizenship.

The Headmaster, Joseph McCulley, B.A., invites correspondence and interviews with parents. Autumn Term enrolments now being received.

AUTUMN TERM OPENS SEPTEMBER 11th

Ontario Ladies' College

Founded 1874

WHITBY

A Residential School for Girls—near Toronto

One hundred acres of grounds. Public School to Honour Matriculation, Music, Art, Interior Decoration and Handicrafts, Household Science, Secretarial Courses, and Dramatics. Swimming Pool and Gymnasium. Physical Education and Riding under resident Mistresses.

Calendar on Request

REV. C. R. CARSCALLEN, M.A., D.D.
PRINCIPAL

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Offered by	Rate	Date	Amount	Price	Yield
Hamilton, Ont. (Treasury Notes) *1⅛ to 1¼% basis.	July	Royal Securities Corp.	....	90-180 days	$500,000	....	*
Hull, P.Q. †Offering.	July	A. E. Ames & Co.	4½%	1942-56	818,000	†100	....
Fort William, Ont.	July	Mills, Spence & Co.	3½%	1942-51	38,817	99.77	....
Magog, P.Q.	July	Mills, Spence & Co.	3½%	1942-61	35,000	9[illegible].43	....
Village of Charlesbourg, P.Q.	July	J. E. Laflamme	4%	1942-51	56,100	....	....
Hespeler, Ont.	July	Harris, Ramsay & Co.	3½%	1942-56	116,400	102.651	....
Delhi, Ont.	July	Harris, Ramsay & Co.	3½%	20-ins.	95,000	101.33	....
Dominion—							
Canada Treasury Bills	July	....	....	Oct. 31, '41	35,000,000	99.855	.370%

London Calling

By Atticus

Sir Stafford Cripps Said Good Man For Russia — The P. G. Wodehouse Business — New British Minister to Dazzle Rio

LONDON.—Sir Stafford Cripps' return to Russia with the added dignity of a Privy Councillorship is a reminder of the tolerance and common sense which actuate British political life. No one ever doubted his abilities either as a lawyer or a speaker, but his public utterances at one time reached a remarkable level of extremism.

The Labor Party was embarrassed by him because he was always advocating complete socialism, thus emulating M. Litvinov, who once shocked a disarmament conference by proposing that every nation should disarm. The Conservatives did not like him for the somewhat illogical reason that Sir Stafford drew large fees from capitalist enterprises. His answer was: "I spend a lot of money trying to destroy capitalism, and if my enemies are willing to subsidize me with large fees why should I object?" There was a time when he even adopted the habit of addressing members of his party as "Comrade," but it was thought that this was partly a convenient greeting to cover his bad memory for names.

When the war came, however, Sir Stafford dropped his legal work and offered himself unconditionally and without remuneration for national service. The idea of sending him to Russia was a brilliant one It was British compromise and adroitness at their best. And who is to deny that he has not proved a great success? After all, Russia is at war on our side, and the most brilliant diplomat in existence could not have accomplished more.

* * *

The Wodehouse Affair

The unfortunate, easygoing decision of P. G. Wodehouse to broadcast once a week from Berlin on "non-political" topics has roused a deep resentment in this country. His genial outlook on life has been shrewdly capitalized by the German Minister of Information, but there should be means of getting a message to the unwise humorist to cancel his broadcasts even if it means leaving the Adlon Hotel and sharing the internment camp with British soldiers who have not yet been given the freedom of Berlin.

* * *

"Mason Mac"

When the military and economic missions for Russia gathered at an airdrome for their flight to Russia, Lieut.-General Mason Macfarlane turned up as usual in battle dress. It suits his appearance and his temperament. He is a burly fellow, with his strong head thrust characteristically forward like a boxer, almost giving the impression of a stoop. With his iron-grey hair and strong shoulders he looks what he is, a fighting man. He knew Rudolf Hess well in Germany, and it was thought that when this German tourist No. 1 first planned a flight to Gibraltar it was General Macfarlane whom he hoped to see.

Hess would have had a rough time with "Mason Mac" as he is known throughout the Army. The General hated Germans long before the war and repeatedly warned London about their intentions and their plans for war. As a former Military Attaché in Berlin, Vienna and Budapest, as well as Director of Military Intelligence in France in the first period of the war, there will not be many questions put by the Russians which General Macfarlane will be unable to answer.

* * *

Pick His Own Suit

A letter from my old friend Sir Samuel Hoare is also a reminder of a much-criticized politician who has done a superb piece of work in diplomacy I saw him at the Carlton Club the day before he left for Madrid about a year ago and he had no doubts about the difficulty and delicacy of his task. Just as the Leftist reputation of Sir Stafford Cripps must have endeared him to Moscow, so the appearance and manner of a grandee, which never leave Sir Samuel Hoare, must have appealed to the courtly Spanish race. Some profound journalist in London objected a few days ago because Sir Samuel Hoare wore his official uniform when protesting against the anti-British demonstrations in Madrid. Much as I humbly respect the utterances of all journalists, I suggest that our Ambassador in Spain might safely be trusted to choose his own costume for a special occasion.

Normally Sir Samuel Hoare would have come back for a short rest or to report, but, obviously, he cannot leave Madrid. A political and quite disproportionate significance would be attributed to it. As a result of his success in Spain it is easy to predict that after the war Sir Samuel will be offered an interesting and spectacular post—but not necessarily a ministerial one.

* * *

Minister to Rio

It is one of the paradoxes of this war that the personalities of the diplomats and the politicians continue to crowd the fighting men out of the news.

The appointment of Sir Noel Charles as Ambassador to Rio de Janeiro is swift promotion for a man who, three years ago, was Counsellor at our Embassy in Rome. But then the easygoing alertness of this good-looking, twinkling-eyed Minister was bound to accelerate the pace of promotion. It was he who met Mr. Chamberlain at Geneva and, on the way to Rome, gave the Prime Minister what is technically known as the "low-down."

I lunched with him and his wife on that occasion at their lovely flat in the Palazzo Colonna, which was hung with Russian demasks and had a color scheme that made one feel like a troubadour, an intriguer, or a romantic, according to one's reaction to the surroundings. Sir Noel, who will be 50 this year, played golf with Ciano, was faultlessly correct with the Germans, and did his best to keep Mussolini sane. With his excellent wardrobe, his epicurean tastes as a host, his good-humored imperturbability, and his attractive wife, he will make friends quickly in Rio de Janeiro. But I doubt if he will find quite so atmospheric a home as his flat in the Palazzo Colonna.

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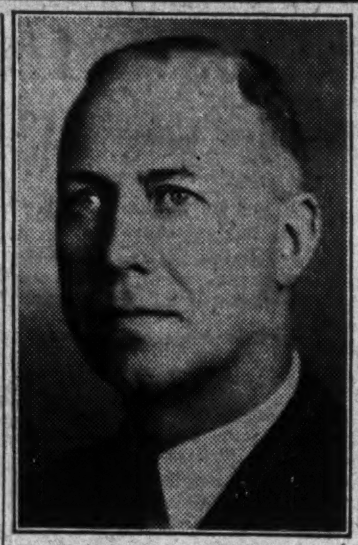


NEW SUPERVISOR

The Bank of Nova Scotia announces the appointment of Charles S. Frost as a supervisor of branches, with office at Toronto.

Mr. Frost is a Maritimer, who entered the bank as a junior clerk. After serving at various branches in the Maritimes and in Newfoundland he served 1914 to 1919 with the Royal Newfoundland Regiment. In 1921 he was appointed assistant manager at St. John's and in 1926 assistant manager at Winnipeg. In 1931 he became manager at Saskatoon and in 1938 manager at Saint John.

More Cuts in T. C. A. Service Probable to Help Britain

By RONALD A. KEITH
Editor, Canadian Aviation.

An acute shortage of transport planes is threatening airline communication in Canada and the United States. Restriction of commercial production to clear the way for war planes, plus seizure of approximately one third of the U.S. airline equipment for military use, has already created a crisis of serious proportions.

Cancellation of one round trip on the Toronto-Windsor service, effective at the end of this month, is the direct result of the Government taking over two T.C.A. airliners.

Airlines in the U.S. have had to restrict their services. Trans-Canada, on the other hand, has been fortunate in obtaining six of the latest Lodestar airliners, enabling expansion of services during the past year. Simultaneously, Yukon Southern Air Transport took delivery of two Lodestars, latest and fastest commercial transports in the world, for use on the routes through northern British Columbia to Yukon.

Now, with the U.S. lines giving up their operating equipment for Britain and for their own country's armed services, there was a demand that Canadian air transportation too should be scaled down in the interests of military expediency.

Canadians may expect further thinning of their recently fattened airline services.

Last year, the U.S. airlines sold 43 of their transports to Britain and released 50 to the U.S. Army Air Corps, with the expectation of receiving replacements previously ordered in the factories of Lockheed and Douglas.

Then Washington clamped restrictions on manufacture of commercial types, and the U.S. Air Corps started to take over the limited production of DC-3's.

Early this year, some 20 commercial planes from the United States were assigned to Britain, including three of four new Boeing 314-A Clippers originally ordered by Pan American Airways. Some of the transports have been flown across the South Atlantic to Africa en route for Britain.

Then came a further British request for 24 Douglas DC-3's. A dozen were delivered in July but the airlines are balking at turning over another 12 DC-3's in August.

It is pointed out that there is a desperate shortage of transport planes in the U.S., the entire airline network having slightly more than 300 planes. The airlines claim to have given up about one third of their equipment to the British and U.S. military services. They are still anxious to aid Britain, but the officials feel that the limit has been reached. Furthermore, they claim that the alternative possibilities have not been sufficiently explored.

Air Line Planned By Newfoundland

The Newfoundland Railway, Government-owned road, proposes to inaugurate an air service to Canada after the war, H. J. Russell, manager, announces.

The Railway investigated the possibilities of a sea or land plane service four years ago, when a service by seaplane from Humbermouth to Quebec was mooted.

Since the fall of 1939 the company has been considering building airport facilities for a Newfoundland terminus, from which a regular passenger service would be established to Moncton. At this point passengers would connect with the Trans-Canada Air Lines system.

It is necessary however, to have landing facilities near St. John's, and this cannot be considered until after the war.

C. N. R. Soon to Order $20 Millions New Cars

From Our Own Correspondent

MONTREAL. — Good prospect exists that Canadian National Railways will earn enough to pay full interest on its publicly held debts, according to R. C. Vaughan, newly appointed president of the railway.

Net revenue of $32 millions reported in the first half of the year is expected to be held or improved in the last six months. The company budgeted for $63 millions. As debt service requirements for publicly held debentures will amount to about $50 millions, it is expected the system will show a small surplus after taxes. Service on debt held by the public has not been met by the organization since 1928. Interest has been paid regularly, of course, under the Dominion's guarantee.

Mr. Vaughan announces the Canadian National will be placing an order for $20 millions of new rolling stock, including box cars, gondola cars, baggage and mail cars of standard equipment in Canada.

Rolling stock is in excellent repair, he added, and this has been of great help in enabling the line to maintain heavy war traffic which should show a steady rise in volume for duration of war. He did not foresee any surplus of rolling stock after the war because present purchases would replace equipment which would be retired.

Expect Bonus Agreement

The company is negotiating with the Dominion Department of Labor on granting employees a cost of living bonus. It is expected an agreement will be announced in the near future. Mr. Vaughan stated he had no estimate as to what the bonus would cost the railway but it would be, "quite a few million dollars."

The new Montreal terminal will be in operation within a year, according to the president. It will, he says, aid materially in the movement of traffic through and out of Montreal, and will result in a number of operating economies.

A number of new improvements are being made by the company on its eastern lines to Halifax, including round houses and signals, which will facilitate the heavy movement of traffic to the eastern seaboard.

Operate Seized Ships

The Canadian Government Merchant Marine, owned by C. N. R., has been given a number of ships by the Dominion Government to operate. These have been vessels seized on the high seas, formerly of German, Italian, Danish and French registry.

In regard to the possibility of T. C. A. establishing a transatlantic air line after the war, Mr. Vaughan states the organization already has an agreement with British Overseas Airways, successor to Imperial Airway. This may have a bearing on any postwar pan to operate a transatlantic service.

Newfoundland Bill For Relief Lower

Newfoundland's bill for unemployment relief dropped to $729,990 in the year ended June 30, from $1.2 millions in the year ended June 30, 1940.

Greater decrease in employable unemployed was experienced during June than in any month for several years. The number of able-bodied persons on relief dropped to 8,092 during the month from 22,229 in May and 29,873 in the same month last year. Number of unemployable unemployed dropped to 12,023 from 13,018 in May and 13,576 in June, 1940. Total unemployed decreased to 20,115 from 35,247 in the preceding month and 13,449 in the same month last year. Cost of relief payments amounted to $15,788 in June, compared with $38,455 in May and $54,175 in June, 1940.

MEMO Get quot. on conveyor belting—

...Remember

You can't beat Thoroughbreds!

★ "A brute for punishment," say users of Gutta Percha Conveyor Belting in Canadian industries where belting works under severe conditions. Tough, wear-resisting covers, ply adhesion that defies separation, edges reinforced to resist wear, and chemical treatment to resist mildew and rot, are qualities that combine to make thoroughbreds of Gutta Percha belts.

GUTTA PERCHA & RUBBER, LIMITED
BRANCHES ACROSS CANADA

Ontario Steel Products Pays 50c. Dividend

Ontario Steel Products Co. has declared a dividend of 50c. per share on its common stock, payable Aug. 15, 1941, to shareholders of record, Aug. 5. This compares with the last two previous payment of 25c. each, one in May of this year and the other in November of last year.

W. C. Macdonald Inc. Slash Capital to $20,000

From Our Own Correspondent

MONTREAL.—W. C. Macdonald Inc., second largest tobacco manufacturing firm in the Dominion, has taken out supplementary letters patent reducing its capital from $1 million to $20,000 by reducing the par value of its outstanding 20,000 shares from $50 to $1 each.

Keeping Posted . . .

By JOHN C. KIRKWOOD

It is denied in the current Canadian Automotive Trade that the scorching article in the July issue of Reader's Digest has equal application to Canadian garages. The Reader's Digest article was the narrative of a man with a Lincoln Zephyr car thoroughly overhauled before starting out on a 14,000-mile journey across the United States, calling on 347 garages for repair service. At the end of his experience the Digest writer proclaimed "The repair man will gyp you if you don't watch out."

Canadian Automotive Trade cites the case of a Canadian car manufacturer who gave four cars to four drivers and asked for a test of the quality of dealers' services. On these four cars were 106 items requiring correction. Of these only seven were mentioned by the service men contacted. Out of $70 given the drivers for repairs only $1.65 was spent.

* * *

Do You Know Colors?

If you are building or renovating a house, know these things: A dark roof makes a house look lower and wider than a light one. Painting the top shutters the same color as the roof, or a color as dark, will intensify the effect. Painting the body of a house light makes it look bigger, especially if the shutters and trim are done the same color. To avoid monotony it is advisable, in such case, to paint the door darker, or a different color, or much lighter than the main color.

You will learn a lot about color as it relates to house interiors and exteriors from an article, "Put Color to Work For You," in the July issue of Canadian Paint and Varnish Magazine.

* * *

Do You Know —

Anthony Gibbs, writing in Maclean's Magazine of August 1, tells that in many places all over the United States, school children are having one or two meatless meals a week so that the money saved can be sent to British school children who have many meatless meals. He says there are one and a half million people in the United States collecting on behalf of one organization alone, "Bundles for Britain." In Concord, Mass., its 8,000 inhabitants have sent five rolling kitchens, contributed $1,000 toward the cost of a rescue boat, contributed a total of $12,000 for other objects, and have adopted 40 English children for the duration.

* * *

Girl Engineer

Today's top-flight aeronautical engineer in Canada is a woman — Elizabeth Gregory MacGill. After her graduation from British Columbia University, she became the first woman to enrol in electrical engineering at University of Toronto. On graduation in 1927 she found employment with an engineering plant in the United States. At the University of Michigan she won a scholarship in aeronautics. At the Massachusetts Institute of Technology she took a course in aero-dynamics. Followed a job at Fairchild's airplane plant in Montreal; then a job with the Canadian Car and Foundry Plant at Fort William, when she became chief engineer. Elsie weighs 108 pounds, and she is 35. But read a full-length story of this woman in the August issue of Chatelaine.

* * *

Quarter-ton Bombs

Fifty millions pounds of Canadian-made bombs are due to fall on European Nazi targets in the 12 months ahead. These bombs weigh 500 lb. and are six feet long. The building of the plant making these bombs was begun a year ago, and, says Canadian Machinery and Manufacturing News, is one of the eight most completely mechanized foundries in the world. The outstanding feature of the plant is the foundry, in which the steel is being melted and cast 24 hours a day. With the exception of one or two foremen, the foundry is staffed by young men who had previously no experience either as molders or as coremakers.

* * *

Vegetable Payoff

In Flesherton, Ont., is a hotel-keeper who gets "three bags full" each year from a farmer. The bags are filled with choice vegetables. The farmer says: "I use your horse shed, and the convenience and comfort of your public rooms all through the year. But I buy neither drink nor food from you. This lot of vegetables is payment of the debt I feel I owe you."

* *

Teach Them How

Charles R. Robinson was farming 190 acres near Barrie in 1923. Then he got the notion of starting a hardware business. Hardware stores, he said, were full of interesting tools and implements and gadgets that made life easier. So he sold his farm, moved into Barrie and bought a small hardware store. From the first he made it pay. One unusual thing done by Mr. Robinson is the sending of his staff for training to manufacturers whose lines he sells and which may call for servicing.

* * *

Bible Thief

Selling Bibles is not always a virtuous occupation. A salesman of Bibles in Vancouver — so reports Bookseller and Stationer—has been stealing them from booksellers, and then had the audacity to sell them back to those from whom he stole. He tried to sell for $5 a Bible which he had stolen from The Christian Book Shoppe. The proprietor recognized it as being one stolen from her. The salesman ran, leaving the Bible!

* * *

Boner

Canada's airmail postage stamp portrays an obsolete Sekani freighting plane hovering over a paddle-wheel river boat along the ramparts of the Mackenzie River. Thus speaks the editor of Canadian Aviation, declaring that an airmail stamp in a country where airline traffic is thriving should symbolize this special activity. The Sekani plane, he says, was designed and manufactured in Canada, but made only one brief appearance in 1937, and then was withdrawn. The editor suggests a new airmail stamp: a good reproduction of a Trans-Canada or Yukon Southern Lodestar airliner over the Rocky Mountains.

* * *

Cut Rate Doesn't Pay

The consuming public buys less of a branded-and-advertised product sold at a cut price than it does of the same product when its price is maker-fixed and the same in all retail stores everywhere. This is the conclusion arrived at by Ruthven Hay, president, Harold F. Ritchie Co., Toronto. As quoted in Drug Merchandising Mr. Hay said: "In the case of one of our own products, during the period of 1929-1934, when it was not price protected and the prices were being badly cut, sales continued to drop throughout that period. In 1934 our company decided to maintain the price, from that date sales began to increase in all territories."

Barrett Protects Canada's Vital Industries

Photo—Public Information

They Must Not Stop

. . . those lines of production. Day after day and on through the nights their vital work must continue. Churchill has asked for "the tools" and Canadian men and Canadian machines will supply them increasingly — guns, tanks, aeroplanes and ships for the protection of all we hold dear.

But these men and machines also need protection to perform their task — protection from the weather. It would never do if the roof of THAT building failed and production was stopped at this most critical time.

It will *not* happen. Canadian architects and engineers have seen to it that the majority of important Canadian plants are protected with Barrett roofs. *They* will not fail. There's nearly a century of experience built into the famous Barrett felt, pitch and gravel built-up roofs . . . experience in the manufacture of roofing materials and experience in their application and performance. That's why, today, you can see Barrett Roofs which have been in service for 30, 40 and 50 years and — like democracy itself, they still stand, unfailingly on guard.

Barrett Specification* Roofs

"Between the World and the Weather Since 1854"

The BARRETT COMPANY LIMITED
MONTREAL TORONTO WINNIPEG VANCOUVER

*Trade Mark Reg'd

Investment Trends

Inflationary Price Influence Growing

While Not Yet Able to Offset Uncertainties of the War, Forces in United States Getting Stronger — British Buying Yields

Getting away from day to day war news, there seems to be one major factor which could start an important stock market rise. This is an inflationary price rise, something which would most likely get its start in the United States but which Canada could hardly escape. To date this influence has not proved strong enough to overcome other uncertainties but investors appear to be giving it more and more attention.

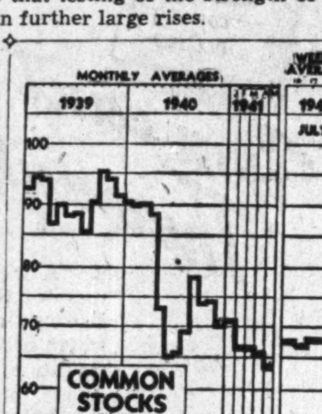
Under normal conditions—that is if there were no war—a rise in commodity prices such as the last three months has seen in the United States would have touched off a sharp speculative move in stocks. Moody's index of 15 commodities has moved up about 25 points since the first of May and is now 40 points above its 1941 low. It is above the 1938 peak but still about 15 points below the high of 1937. At the time the commodity index hit its 1937 high, stocks price indices were approximately 50 points above today's levels.

When this price factor will take hold of the stock market can hardly be forecast. It does not seem in immediate prospect with most opinion tending rather to suggest that testing of the strength of the current gains is more in order than further large rises.

* * *

Stocks in Wartime

Stock markets in Britain have been giving a relatively better account of themselves than have those on this continent. The London Times industrial share average has gained 51% from its low of June 26, 1940. This compares with 18% gain for American industrials and about 8% in Canada. Moreover, in London industrial shares have broken through the top of January this year, which corresponds approximately to the Nov., 1940, highs in New York or Toronto, neither of which have been broken as yet.



What lies ahead of stocks has recently been the subject of considerable discussion in British financial papers. These writers see perhaps three different cycles in the investor's appraisal of stocks since the war began. They range from the early attitude that stocks in this war would be in about the same position as they were in the last war. Investors expected some measure of inflation and stressed the hedging value of ordinary shares. They expected stiff excess profits taxes but thought that the untaxed margin of war profits would leave interesting stock possibilities under a regime of rising prices and earnings.

Then in May and June of last year, it was demonstrated the stocks were far more vulnerable than supposed to psychological risks when war news became less favorable. It was also realized that government finance patterns this war were not like last war and that the Excess Profits Tax was to be used to frustrate capital appreciation.

* * *

A New Viewpoint

Since the beginning of this year, market sentiment in Britain has taken an intermediate view between these two extremes. This new viewpoint holds that British markets, in view of recent reverses, indicates that the purely psychological factor counts for less than it did a year ago. Stock markets have become hardened to bad news.

In the domestic capital market in Britain there has been no rise in interest rates, the closing of capital markets to industry is well established. The market does not take seriously in that country as yet the possibility that various controls will be tossed overboard and high grade bond prices threatened by an inflationary situation.

Now British investors are resigned to a 3% or less return on government bonds. In many cases this does not answer the individual requirements for living expenses and may mean actual hardship. Now, it is pointed out, investors feel an appeal of equity stocks, not so much as a hedge against inflation or a possible source of ultimate capital appreciation, but as a means of balancing security portfolios and increasing average yields. They now know the worst that Excess Profits Tax can bring. With the Government taking all of increased wartime company profits, there is no more for it to take.

* * *

Basis For Selection

These writers then point out several standards by which investors should select their stocks under present circumstances, standards which appear just as applicable to Canadian conditions as they do to British. They start with the premise that dividend paying stocks are now little different from fixed-interest securities, meaning that the tax structure is so set up that there is little chance for higher returns, while earnings and operating conditions probably indicate that present returns can be maintained for properly selected companies.

In actual practice this means avoidance of shares in companies operating in industries whose raw material supplies or markets are threatened by rationing or control orders. It means use of the "war" group but avoidance of purely armament shares. Companies which have distributed earnings up to the limit in past years are to be avoided and those with a strong balance sheet to see them through the war and early post-war period favored.

These writers do not look for any general recovery in ordinary stocks as yet. They are stressing the importance of careful selection, stabilized returns and relatively high yields from stocks compared to high grade bonds All these conditions are present in Canada.

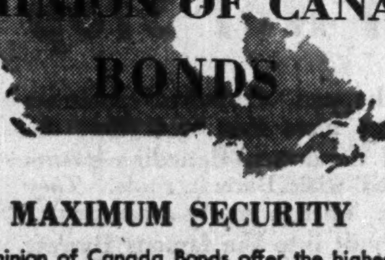
Gair Net Gains In Half Year

Parent Company Also Shows Increase With Quarter Earnings High

Gair Co. Canada Ltd., wholly-owned subsidiary of Robert Gair Co., reports profit of $121,181 for the six months ended June 30, 1941. This is after provision for Canadian taxes and compares with $99,312 for the first half of 1940.

The parent company, Robert Gair Co., and its U.S. subsidiaries report a profit of $586,411 for the first half of 1941. This compares with profit of $437,905 for the first six months of 1940. The 1941 results are after expenses and provision for federal income taxes of $221,900 which includes $45,000 for estimated increase in tax rates. Profits are reported before interest on income notes which would require $147,613 in the 1941 period.

For the quarter ended June 30 this year, Robert Gair reports profit of $411,089 after charges and federal income taxation but before interest on income notes. This compares with $234,307 in the corresponding quarter of 1940 and $175,322 in the three months ended March 31, 1941.



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McColl Starts Calgary Unit

Refinery Necessitated By Transportation Difficulties to W. Canada

From Our Own Correspondent

MONTREAL.—Due to wartime disruption of transportation facilities, McColl-Frontenac is erecting a large oil refinery at East Calgary, it is officially announced.

Equipment for the new plant will be taken from the company's Montreal plant. Exclusive of this equipment, cost of the new unit is estimated at more than $1 million.

Normally, the company supplies its western market with gasoline and oil refined at Montreal. The gasoline is transported by lake tanker to the head of the lakes and from there westward by rail.

Supply Western Markets

With a shortage of tankers developing because of British need for bottoms to transport oil overseas, the company is experiencing difficulty in supplying the western market. Therefore it has decided to erect the Calgary plant from equipment available at the Montreal unit.

The refinery will draw upon the Turner Valley field and other sources for crude oil and will have a daily capacity of about 3,500 bbls.

Survey Alberta Field

With construction of this plant, the three major producers: McColl-Frontenac, Imperial Oil Co. and British American Oil Co. have refining units in the East Calgary area.

In an effort to broaden crude oil supplies in western Canada, McColl-Frontenac has three parties in the field in the area east and north of the Steveville area conducting a geophysical and geological survey to locate oil-bearing structures. It is expected 33 square miles will be surveyed by the end of the year.

Study Dividend On Gatineau Power

From Our Own Correspondent

MONTREAL.—Faced with an increase of about one third in its tax bill, indications at this time are that Gatineau Power Co. will, of necessity, have to reduce the dividend on its common stock from 80 cents to somewhere between 50 and 60 cents a share annually.

Gatineau Power is one of several companies caught in the tax "squeeze." The company has been selling all the energy it can produce. While there has been some gain in revenue through the switching of secondary power to a primary basis, still, the gain in gross income has not been sufficient to offset the sharp increase in Federal taxes.

Taxes Big Burden

During the first quarter of 1941 the company's total income of $2.3 millions was practically the same as a year ago. But tax provision increased from $256,248 to $402,270, reducing net profits available on the capital stock from $548,526 to $442,231. This lowered earnings on the common from 21 to 14 cents a share, compared with the quarterly dividend rate of 20 cents a share.

Last year the company paid in taxes $1,195,176, as against $423,337 the year before. Over the same period total income increased only $357,451, so that the company paid out in taxes $414,388 more than it received in the way of increased gross income. This meant a reduction in earnings on the common stock of 22 cents a share.

Gatineau Power Co. probably will have a tax bill this year of around $1.5 million or better. Prospects of additional income to offset this increase appear remote, hence the company is faced with the necessity of considering a reduction in the current dividend rate.

Net Profit Declines

The inescapable fact which faces the company is that net earnings on capital stock have been declining steadily for some time due to the incidence of higher taxation. This is shown in the following table:

Trend of Quarterly Earnings
(Net Available on Preferred)

1941:	
1st Quarter	$442,231
1940:	
4th Quarter	567,668
3rd Quarter	495,444
2nd Quarter	549,594
1st Quarter	548,526
1939:	
4th Quarter	686,901
3rd Quarter	648,055
2nd Quarter	609,511
1st Quarter	538,867

May Adjust Rate

On the basis of earnings in the first quarter, prospects are the company's net profits this year will not be much in excess of 60 cents a share on the common. As a consequence an adjustment of dividend to current earnings would appear to be scheduled before the end of the year.

3 Municipalities Are Revamped

The Municipal Commission of Quebec announces that reorganization plans affecting three municipalities, approved at meetings held last April, are now in force and new securities available. Communities affected are the Township of Taché, Parish of L'Ascension de Notre Seigneur, and the School Commission of the City of Quebec West.

Holders of existing securities are notified to forward them for exchange, in the case of Taché, to C. A. Gauvreau, at the City Hall of Chicoutimi, Que.; of L'Ascension de Notre Seigneur, to the same; and in the case of the School Commission of Quebec West, to G. A. Laliberté, auditor in chief, the Quebec Municipal Commission, Provincial Government Buildings, Quebec City. In the case of securities of the latter two municipal units, all unpaid coupons should be attached to the old securities forwarded for exchange.

Mine Dividends Enable Year's Total to Hold

Industrials Feel High Wages, Materials and Costs — Investor Net Return Cut by Taxes

Canada's mines are accounting for the relatively favorable way in which dividends paid by corporations in this country are offsetting the much higher burdens which companies everywhere have to meet.

For the first eight months of 1941, The Financial Post estimates that all dividends are 2.82% above the corresponding period of last year, although still well below both 1938 and 1937 and only approximately equal to 1939.

But analysis of the details which The Post accumulates each month shows that dividends paid by Canada's metal mines are up 6.90% so far this year over a year ago. All other dividends—industrial, oils and financial—are able to show a gain of only 0.84%.

High Wages and Taxes

At a time when indicators of industrial activity in this country are running more than 10% above a year ago, the fact that all dividends, with the exception of those paid by mines, are able to gain less than 1%, this illustrates very clearly the way in which industry is contributing to the war effort in the form of higher taxes, higher wages for workers and higher prices paid to producers of primary materials.

Investors in Canada's mines, where the showing from the standpoint of immediate income is best are hit from another direction.

Exploiting National Assets

Under the spur of wartime emergencies, mines are boosting output to record levels. But they are carrying out this programme at a time when their costs are high. They are using up resources which can only be replaced by finding new ore deposits. A copper mine cannot cultivate its property and grow yearly crops as does the farmer. It cannot go back for another day's work when the ore is gone as can the worker in an industrial plant. It has no way of raising successive crops of cattle or hogs as has the livestock grower.

In other words, the mines are using up their supplies of ore at unprecedented rates and doing this at a time when their burdens of taxes, wages and material costs are high. Investors in Canada's mines would get a far higher aggregate return if the mining of this ore could be spread over a longer period and carried out during normal times.

	1941 Mining $	1941 All Others $	1940 Mining $	1940 All Others $
January	5,991,873	17,034,529	5,973,192	16,965,117
February	2,288,380	8,367,515	1,374,472	5,404,847
March	14,234,054	13,587,529	13,870,437	14,869,975
April	6,054,332	17,769,457	4,785,597	18,702,133
May	2,325,808	4,905,045	2,133,931	4,793,213
June	20,486,269	37,789,397	19,957,492	38,551,358
July	9,857,055	16,998,680	9,043,326	18,614,593
August	2,309,355	7,098,674	2,306,695	4,613,788
	63,547,126	123,550,826	59,445,142	122,515,024

Investment Income Tax

There is another concrete example of specific ways in which the investor's income from his investments is being reduced. That is the new, and very drastic, tax scale. For example, until this year's tax bill was adopted, investment income of more than $5,000 was subject to a special tax of 2%. Now the exemption has been cut to $1,500 and the rate doubled.

Because of the complicated Canadian personal income tax structure with its graduated scale of tax, its national defense tax and its investment income taxes specific examples which might be typical are difficult to apply. So great have been the added burdens, however, that the net return to investors from their dividends or interest is drastically below what appears to be the actual dollar amount. Because corporate dividends are slightly better than holding their own by no means indicates that investors are getting the same net return. There is no cost of living bonus for the investor.

C. P. R. Boosts August

August this year will see approximately $2.5 millions more paid in dividends than the same month a year ago. Because Canadian Pacific Railway directors decided to pay a half year's dividend on preference stock in August this year rather than in October as was done last year, the current month shows a gain over a year ago.

There are comparatively few other changes. Canadian Oil Companies is paying its customary 12½ cents extra. Hollinger comes through with five cents; Privateer pays an extra of one cent; and Toburn pays one cent extra, in this case an actual reduction as the May extra was two cents.

Malartic Gold has initiated dividends with a five cent payment. Canadian Investment Fund is paying five cents a share compared with four cents. Ontario Steel Products has raised its rate to 50 cents a share from 25 cents.

Details of August dividends follow:

Monthly Dividends

	1941 $	1940 $
January	23,026,402	22,938,309
February	10,655,895	6,779,319
March	27,821,583	28,740,412
April	23,823,789	23,487,730
May	7,230,853	7,927,144
June	58,275,666	58,518,502
July	26,855,735	27,675,919
August	9,510,575	6,920,483
	187,200,498	182,987,818

Summary of August Payments

	1941 $	1940 $
Dividends	9,510,575	6,920,483
Bond interest	20,781,000	12,892,000
Total	30,291,575	19,812,483

Dividend Payments
Industrials and Utilities

Company:	Rate $	Date	Amount $
Amal. Electric	*25c	30	21,104
Anglo-Can. Tel., pf.	.68¾q	1	56,787
Assoc. Tel. & T., 6% p.	†.48	15	22,653
Do., 7% pref.	†.56	15	18,462
Ault & Wiborg, pf.	1.37½q	1	6,182
Beatty Bros., 1st pfd.	1.50q	1	14,944
Bertram & Sons, c.	.15s	15	9,000
Blue Ribbon, pfd.	.62½q	1	18,656
B. C. Tele., 2nd p.	1.50q	1	67,500
Calgary Power, pfd.	1.50q	1	88,500
Can. Bronze	.37½q	1	30,000
Do., pref.	1.25q	1	9,375
Can. Pac. Rly., pref.	2%	1	2,745,138
Conduits National	.15	8	24,120
Cosmos Imperial	.30q	15	30,000
Distillers-Seag., p.	†1.25q	1	199,750
Dominion Bridge	.30q	25	154,185
Dom. Tar & Chem., p.	1.37½q	1	69,231
Gen. Stl. Wares, pf.	$1.75	20	78,750
Humberstone Shoe	.25q	1	5,000
Hyd. El. Secs., B. p.	.25s	1	167,915
Inter. Metal, pfd.	1.50q	1	46,230
Do., pref. A	1.50q	1	21,577
Inter. Util., $3.50 pf.	†.87½q	1	86,597
Ont. Steel Prod.	.50	15	24,220
Do., pref.	1.75q	15	6,304
Pac. Pwr. & W., pr. pf.	.75q	1	2,692
Penmans	.75q	15	48,388
Do., pref.	1.50q	1	16,125
Prov. Transport	.20s	15	50,000
Quebec Power	.25q	25	138,299
Rolland Paper, c.	.15q	15	9,000
Saguenay Power, p.	1.37½q	1	68,750
Shawinigan W.	.23q	25	500,997
Simpsons, pref.	1.62½q	1	182,812
South. Can. Pwr., c.	*.20q	15	79,998
St. Law. Flour	.25q	1	9,000
Do., pref.	1.75q	1	10,062
Steel of Canada	.75q	1	345,000
Do., pref.	.75q	1	194,889
United Grain Gr.	1.25	1	159,482
Weston, Geo., pf.	1.25q	1	21,875
Wood, A. & J., pfd.	1.75q	1	11,375
York Knitting	.20	15	45,802
Do., 1st pref.	3.50s	15	5,250
Do., 2nd pref.	3.50s	15	10,500
Zellers	*.20q	1	25,000
Do., pref.	*.37½q	1	11,250
Total			5,968,726
Mining Companies			
Buffalo Ankerite	.10	1	70,167
Chesterville L.	.05	20	86,775
Coniagas Mines	.05	8	35,970
East Malartic	*.10	30	400,000
Grandview Mines	†.01	10	29,987
Hedley Mascot	.02q	15	45,282
Hollinger Cons.	.05	12	246,000
Do., extra	.05	12	246,000
Inter. Nickel, pfd.	†1.75q	1	483,487
Kerr-Addison	.05	28	236,515
Leitch Gold	.02q	15	57,000
Malartic Gold	‡.05	1	200,000
Privateer Mine	.03q	10	73,622
Do., extra	.01	10	24,540
Toburn Gold	.03	22	55,500
Do., extra	.01	22	18,500
Total			2,309,355
Oil Companies			
Canadian Oil, c.	.12½q	15	17,970
Do., extra	.12½	15	17,970
Commoil	.01	29	9,702
Total			45,642
Financial			
Can. Bk. Commerce	2q	1	600,000
Can. Invest. Fund	.05q	1	113,737
Can. Investors	.10q	1	10,000
Dominion Bank	2.50q	1	175,000
Imperial Bank	2.50q	1	175,000
Mtge. Corp. N. S.	1.25q	1	8,500
Royal Trust	.80q	1	80,000
Sherbrooke Trust	1.50q	1	4,500
United Corp. A	.38q	15	20,115
Total			1,186,852
Grand total			9,510,575

q—Quarterly. s—Semi-annually.
†Payable in U. S. funds.
*Subject to approval of Foreign Exchange Control Board.
‡Initial.

Income Gain Is Over 19% For Brazilian

June Operating Figures 27% Above Last Year—Milreis Up

Earnings of Brazilian Traction, Light & Power Co. operating subsidiaries were 27.41% higher in June, 1941 than in June of last year. In the first six months of the current year, earnings are 19.31% higher than in the first half of 1940. As in May, the figures on the month indicate that the rate of improvement is accelerating.

Exchange position of Brazil is reported to be maintaining the improvement noted in the annual statement of the Traction Co., with North American demand for coffee and cotton continuing heavy and the benefits of the U. S. coffee quota system helping prices. The free milreis is currently quoted at 5.10 cents in New York, against an average of 5.06 cents, last year and 5.04 cents the year before.

Effect of the current gain in operating revenues on Brazilian's earnings cannot be evaluated with accuracy until final accounts are in. But if present average rate of improvement is maintained for the rest of the year and there is no substantial change in non-operating charges, nearly $4 millions more than last year would be available for the parent company. It may, however, be more difficult to maintain the present rate of improvement in the later months of the year, since a substantial gain in revenues occurred in the latter part of 1940.

Figures for June, and the year to date are as follows:

	1941 $	1940 $	Incr. %
June:			
Gross earnings	3,602,456	3,063,378	17.60
Oper. expenses	1,652,405	1,532,871	7.80
Net earnings	1,950,051	1,530,507	27.41
Six Months to June 30:			
Gross earnings	20,397,259	18,103,655	12.67
Oper. expenses	9,620,133	8,987,212	5.93
Net earnings	10,877,126	9,116,443	19.31

Foreign Exchange

During the week July 22 to July 28 there was no change in the quotation on the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, July 28

Australia	3.58	S. Africa	4.47
India	.3372	Hong Kong	.2764
N. Zealand	3.61		

Significant Investors' Index Numbers

(Base 1935-39 = 100)

No. of Securities	Mach. and equip. 6	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-40:*												
High	345.7	504.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.7
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.3	51.6	110.6	96.8	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.8	69.5	48.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	66.5
Mar.	73.6	65.4	69.5	49.5	103.1	87.9	93.7	78.5	67.0	89.9	70.7	66.8
Apr.	73.2	63.9	68.6	49.4	101.3	88.6	88.1	77.8	63.2	89.7	68.2	65.8
May	71.8	59.7	63.4	51.3	97.4	88.6	82.8	74.4	60.3	88.3	65.2	63.9
Weekly Figures:												
July 17	75.5	65.8	66.6	47.9	104.4	88.8	93.7	76.4	65.7	89.7	70.3	66.6
July 24	76.6	64.8	67.2	48.6	105.6	89.5	93.1	77.6	65.1	90.1	70.5	67.5

*High and low for year from 1929 to 1940 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
July 29	92.86	103.75	69.17	19.28
July 28	93.15	103.25	69.39	19.12
July 26	92.44	102.85	68.20	19.12
July 25	92.36	102.55	67.02	19.14
July 24	92.37	102.10	66.18	19.17
July 23	91.98	102.13	65.99	19.20
Month ago	88.34	98.01	62.83	17.30
Year ago	93.07	90.39	61.36	20.46
High 1941	103.48	109.76	69.58	21.62
Low 1941	85.87	95.68	59.30	16.73

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cmd.	10 Pprs.	15 Golds
July 29	45.3	59.4	54.7	70.44	71.94
July 28	45.2	59.3	54.6	70.05	71.36
July 26	45.3	58.8	54.3	69.15	71.06
July 25	45.3	59.0	54.4	68.72	70.88
July 24	46.1	59.1	54.8	69.36	71.05
July 22	46.0	58.4	54.3	69.47	71.19
Month ago	44.5	55.2	51.6	60.17	69.54
Year ago	53.5	59.6	57.6	80.51	65.05
High 1941	54.3	66.4	62.3	82.25	79.99
Low 1941	42.1	52.3	49.3	58.96	67.38

Ships CAN be Built in a Hurry

How Canada Could Meet Demand for Cargo Boats

By ALLAN C. MacNEISH
Editor, Canadian Shipping & Marine Engineering News

Premier Churchill issued a challenge to Canada when he called for "another gigantic building of merchant ships in the United States similar to that prodigy of output accomplished by the Americans in 1918."

To Canada, it is not a question of: Can we produce all the ships required of us? It is rather a challenge to our initiative, ability, integrity and capacity. The presumed impossible has been accomplished before in shipbuilding and it can be done again.

An enterprise that spotlights what can be done by the right men with the right spirit and ability, was the famed shipbuilding programme at Hog Island, Pa., during and immediately after the last Great War.

It showed how men of vision and sound practical ability could offset the strangling red tape of officialdom, overcome a hostile press and perform almost herculean feats. With courage and determination they did the "impossible"—producing ships averaging 7,900 deadweight tons in the one shipyard at the rate of one every 23½ hours; ships that rated the highest marine classification, and reached speeds up to 17 knots.

Feat of Engineering

These pioneers in revolutionary methods were cool-headed engineers who had for 25 years previously made engineering construction almost a scientific formula, had ironed out the rough spots of production and gained an international reputation for a maximum of efficiency. They were members of the Stone & Webster engineering organization, which formed a subsidiary, American International Shipbuilding Corp., to carry out the work.

Like today, the situation in 1917 regarding shipping was critical. Over one quarter of the total world's tonnage was out of action. Submarine warfare had become unrestricted, with allied losses during the one month of April, 1917, reaching the huge total of 800,000 tons.

This urgent demand caused the United States Government to make a thorough survey of all shipbuilding facilities in the country and place contracts for new ships. But the result was not good enough. The estimated maximum output of all the yards was less than three million tons, and it would take at least 18 months for delivery. Over six million tons were required—as soon as possible.

The solution as seen by Mr. Stone and his associates was the mass production of ships on a gigantic scale under the same principle as that developed for other industries. The manufacturer would be all available steel mills and fabricating plants throughout the United States and Canada. With the railroads the connecting link, the ultimate assembling of all fabricated parts and installation of completed equipment would be carried out at a huge final assembling yard "somewhere" on the Atlantic seaboard.

After almost endless negotiations with the Government, and the ultimate proof of practicability of the scheme, the U. S. Shipping Board Emergency Fleet Corp. let a contract on Sept. 7, 1917, to the new company for the building of fabricated ships in a yard to be constructed at Hog Island, seven miles south of Philadelphia, on the Delaware River.

The difficulties facing the company were immense. Roads had to be constructed, railroad tracks laid, piles driven—and all before winter set in. A city had to be erected to accommodate 25,000 workers, transport organized and a mile of shipways and another mile of basins constructed.

Further complications set in. The coldest winter in living memory set in early in December and lasted until March. The materials came in frozen hard, the frost line was down over two feet in the earth, rendering power shovels almost useless. The ground had to be steam thawed, then dynamited.

Huge Enterprise

From this apparent chaos arose the most unique shipbuilding enterprise in the world, with 5 acres under roof, 250 general buildings, hotels, cafeterias, a heating system of 51 plants including 82 boilers. The telephone system had 1,542 stations and 82 trunk lines. Fuel oil tanks had 200,000 gallons capacity with pumping stations and three miles of piping.

Other facilities included 82 miles of railroad tracks, 12 miles of fences, 21 miles of roads and two miles of sidewalks. The steel storage yard of 58 acres and the coal storage of five acres. The total area of the whole yard was over 927 acres in extent.

The transportation facilities were immense, including 16 locomotives, 20 passenger cars and 469 freight cars; 239 motor vehicles; 70 locomotive cranes; 451 fixed derricks; 28 gantry cranes and one huge overhead bridge crane; seven floating derricks, four pile drivers, 17 barges and lighters, six tugs and eight motor boats.

Curves Eliminated

In the meantime, naval architects were redesigning ships to suit the new scheme. All non-essentials were eradicated and the ships made as uncurved as possible, so that flat plate construction could be utilized to the greatest extent.

This created an important saving in time and labor of rolling and setting, and allowed for templates to be made and sent to sub-contractors in different parts of the country for the fabrication of plates, structural shapes and complete sections of the ships.

The steel for the ships was made in 36 different steel mills, and the material dispatched to 88 fabricating plants in the United States and Canada; the Canadian plants being at Montreal, Toronto and Hamilton. Approximately 4,000 manufacturing plants supplied the equipment for machinery, boilers and general furnishings, and routed it over 529 different railroad lines.

Quick Delivery

Ship construction started when the yard was barely half completed, and the first ship, a 7,500-ton cargo boat 400 ft. long was launched on Aug. 5, 1918—47 weeks after the first contract was signed.

To meet the exigencies of correcting mistakes in parts and pieces coming from so many sources, and to make new pieces for those that could not be corrected, some 20 to 30 acres of buildings had been constructed as tool and correction shops. However, when the first ship was completed it was found that only six of the 17,389 pieces that made up the ship had to be corrected, so these shops were therefore almost exclusively used for making the more complicated parts.

The decks of the Hog Islander had no sheer and 40% of the vessel amidship was square-box shaped, with sharp bilges. She was squat, angular, and ungainly in appearance; and although the design was considered absurd by naval architects, and her appearance evoked much critical comment, the Hog Islander has proved her seaworthiness under the most difficult of conditions. The great majority are still in service, some having recently been transferred to British ownership.

The Hog Island shipyard was purely an emergency measure, a creature of necessity, based on mass production. Its operation was simple, yet gigantic in scope. When it reached peak production, it could launch three times more ships per year than all the other yards in the United States could produce annually before the war.

The largest shipyard in the world in 1914 had 15 ways, with a maximum production in any one year of 150,000 tons; Hog Island, on the other hand, had 50 ways and reached an annual production capacity of 1,500,000 tons. At the height of production, one ship was completed per day and a total of 122 ships delivered.

Market Opinions

Analysts of stock market trends appear more inclined to expect interruption of the recent advance.

Magazine of Wall Street, N.Y.—We believe that there is a scant risk of reaction below the April-May lows in the averages. Thus the chances appear to favor either further rise or a sidewise drift. Even under the latter contingency many equities merit favorable consideration on an investment yield basis alone.

* * *

Journal of Commerce, N.Y.—Numerous corporations are reporting larger earnings and in many cases are increasing their dividends.

As long as a relatively favorable price-earnings ratio continues to prevail in many groups of stocks, an upward trend in share quotations is quite likely to persist, subject to interruptions from time to time, regardless of developments in the price control, Federal finance and even the international political realms.

* * *

Brookmire Counselor, N.Y. — In the foreign sphere the past week has brought a further complication in the form of the Japanese move into French Indo-China. The repercussions of this development and the outcome of the Russian battle will naturally influence market trends; but clients are warranted in maintaining portfolios in gear with existing inflationary tendencies as well as the defence-stimulated expansion.

* * *

Barron's, N. Y. (The Trader)—When the ogre of Nazism is demonstrated to be vulnerable and when the fears of wartime socialism are dispelled, confidence in the future of the industrial United States will return. At present, capitalizations of earning power in yields of common stock are essentially subnormal. With British-owned stocks pledged under a 15-year Reconstruction Finance Corp. loan, investment trusts comfortably liquid and brokerage loans still nominal, danger of a major liquidating movement is remote. On the other hand, the tedious processes of wartime accumulation, precedent to another substantial rise, may well consume some weeks longer and possibly involve a temporary readjustment of prices.

* * *

Barron's N. Y. (Dow Theorist)—Bullish significance of the July 21 move which took the railroad stock average to 30.54, thus exceeding any level of the past 11 months, was very great. It does not represent a bull market signal because such a signal requires a rise by the industrials through 138.12, accompanied by new highs for the rails. But it represents more than a mere secondary uptrend signal, because the resistance levels which the rails have broken have lasted so long.

A correction might come at any time, and might involve another test of the bear market lows of May-June, 1940. A correction would become even more probable should the average soon establish a bull trend by rising until the industrials pass 138.12.

* * *

Financial World, N.Y.—The commodity price rise continues apace, hardly to be wondered at in light of the wide advertising being given the threats of inflation even by official quarters. The thicker the talk of inflation, the more reason there is for the average investor to keep well committed to intelligently selected common stocks—particularly when corporate earning power is high and yields from well-protected dividends are generous.

FARM FOR SALE

Owing to illness of owner one of Ontario's famous farms. Buildings, land, forests, and streams all in good condition near Toronto. Has been visited by many world famous statesmen and agriculturists. Suitable for sub-division if desired.

Box 108, The Financial Post, Toronto.

The Mexican Light & Power Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

NOTICE

TO THE HOLDERS OF THE 5% FIRST MORTGAGE BONDS OF THE MEXICAN LIGHT AND POWER COMPANY, LIMITED:

NOTICE IS HEREBY GIVEN that interest on the 5% First Mortgage Bonds of The Mexican Light and Power Company, Limited (the principal of which matured on the 1st day of February, 1940) will, on and after the 1st day of August, 1941, be paid at the rate of 5% per annum in respect of the half-yearly period from February 1st, 1941 to August 1st, 1941.

As no coupon is attached to the bonds in respect of such half-yearly period, it has been arranged (as was done in connection with the preceding six-months period) that payment will be made against presentation of the bonds for endorsement thereon of a memorandum of such payment, at the chief office of the Bank of Montreal in the City of Montreal or in the City of Toronto, Canada, or at the Agency of the Bank of Montreal in the City of New York, U.S.A., or at the chief office of the Bank of Montreal in the City of London, England.

As under war conditions it would be difficult, if not impossible, for many holders to present their bonds in New York, arrangements have been made so that no matter at which of the above mentioned places the bonds are presented, interest for the said period will be paid on this occasion in United States funds, which in England and Canada will be subject to exchange control. Such action is not, however, to be considered a precedent or as a waiver of any of the Company's rights with respect to the funds in which interest may be payable under the bonds or the trust deeds securing the same.

Dated this 25th day of July, 1941.

THE MEXICAN LIGHT AND POWER COMPANY, LIMITED
R. H. MERRY,
Secretary.

NOTE 1: Notices convening meetings of the holders of the bonds and debenture stocks of the Company to be held in September to consider proposals to be submitted by the Company have recently been issued.

NOTE 2: To avoid the inconvenience of depositing bonds for the meeting to be held, holders are recommended to take advantage of the facilities provided for registering their bonds at any of the places here interest is payable. Such registration will be carried out free of cost to the holders.

Holders of Debentures and Creditors of the

CORPORATION OF THE TOWN OF RIVERSIDE; THE BOARD OF TRUSTEES OF THE ROMAN CATHOLIC SEPARATE SCHOOLS FOR THE TOWN OF RIVERSIDE, ONTARIO

Notice is hereby given to the Debenture holders and creditors of the Town of Riverside, Ontario, and the Board of Trustees of the Roman Catholic Separate Schools of the Town of Riverside, to present their debentures to the Fiscal Agent in order that the adjustment of claims and the settlement of interest may be effected pursuant to the Interim Plans for the Adjustment of the Debenture and Other Indebtedness of the Corporation and the Board of Trustees, approved by Orders of the Ontario Municipal Board, dated January 28, 1941.

Debenture holders are requested to forward their debentures to the Fiscal Agent.

GUARANTY TRUST COMPANY OF CANADA,
70 Richmond Street West,
Toronto, Ontario

accompanied by Letters of Transmittal which may be obtained at the Toronto, Windsor or Niagara Falls Office of the Guaranty Trust Company of Canada.

DATED this 28th day of July, 1941.

GUARANTY TRUST COMPANY OF CANADA
Fiscal Agent

Bond Markets

Treasury Bills Grow In City Financing

Latest Hamilton Issue Brings City's Total This Year to $1.3 Million—Canadian Issues Strong in New York

Municipal financing through public sale of treasury bills which shot up earlier in the year largely as a result of accumulating funds for the Victory Loan, was expected to dry up with the floating of the Loan.

Instead, the City of Hamilton has actually floated more treasury issues since the beginning of the "loan period" than before, and the latest issue carries the date of July 16.

At present the supply of funds for this financing appears to be a direct outgrowth of war conditions for periodic investment in war loans, and second—the greater activity of industrial concerns leads to the creation of short term reserve funds to meet later known expenditures. With the institutions fully invested at the moment, the industrial buyers are understood to be taking up the more recent offerings.

* * *

Widening Treasury Market

Some of this financing has not been announced, but according to the records available, Toronto has borrowed this year approximately $7 millions on public treasury notes; Hamilton $1.3 million and St. Catharines $200,000. Last year Hamilton was the only municipality reported to be a large treasury bill borrower, the total amounting to $500,000.

Whether this type of borrowing will survive the war period is a matter of argument. Prior to the war the only substantial treasury bill borrowing was that of the Dominion of Canada, still by far the most important borrower in the market. But the market for Dominion Treasury Bills is understood to have widened steadily from the first offering on March 1, 1934, and what extension there has been since war broke out has largely been the addition of one or two new types of industrial buyer. Protagonists of treasury bills for municipalities take the view that this market, now that it is developed, will be maintained by those who have already supported Dominion Treasury Bills. Opposite view is that the end of the war may bring a slackening of industrial activity, and that industrial as well as institutional funds may seek longer-term investment.

* * *

Wall St. Likes Dominions

From New York increasing activity is reported recently in Canadian bonds—Governments, provincial and rail issues meeting better demand from U. S. institutional buyers. Last week new highs were made by bonds in all three categories, and none of the Canadian Government issues was trading more than a point below the high for the year.

The explanation given by specialists in Canadian bonds in New York is that the supply of Canadian issues payable in U. S. funds has been reduced $900 millions since 1932 by paying off maturing issues and refunding others with securities payable in Canadian funds only. This has reduced the annual requirements of American dollars for debt service by about $65 millions.

Another factor brought out is that per capita debt in Canada was $165 greater than that of the U. S. ten years ago; to-day the figures for the two countries are substantially the same. Moreover, with both countries geared to full production for the same war effort, and with lease-lend available to help smooth exchange and production snarls, economic conditions in Canada and the United States are expected to run more closely parallel than ever.

Bond Sales

Treasury Bills

Prices of Dominion of Canada Treasury Bills resumed their upward course this week, the latest offering selling at a new low yield basis of 0.57% since the outbreak of war. The issue, for $35 millions sold at 99.85491. Previous sale, two weeks ago, took place on a 0.58% basis, which up to that time was the lowest point reached since war, but had been touched shortly before the offering of the Victory Loan. The new bills are dated July 30, to mature Oct. 31, 1941.

* * *

Hamilton, Ont.

Announcement of the sale of $500,000 of Hamilton treasury bills through Royal Securities Corp. brings the total of Hamilton treasury bill financing this year to $1.3 million, against $500,000 last year. The new issue is for the temporary funding of obligations of the Hamilton Hydro Commission to the Ontario Government. It is proposed later to refund the obligation by the issue of 2% serial debentures to be dated Jan. 2, 1942, maturing in one to three years. The treasury bill issue is divided into four bills of $125,000 each, maturing Oct. 14, Nov. 13, Dec. 13, 1941, and Jan. 12, 1942. The first two bills were sold on a 1⅛% basis, the latter two on a 1¼% basis. Previous sales included $600,000 through Harrison & Co., $200,000 through Mills, Spence & Co.

* * *

Hull, Que.

Sale of $188,000 in 4½% serial debentures maturing May 1, 1942 to 1956 of the City of Hull is announced to A. E. Ames & Co. The debentures are being offered by Ames & Co. at par.

* * *

Fort William, Ont.

Price of 99.77 is reported on the sale of $38,817 of 3½% installment debentures of the City of Fort William to Mills, Spence & Co. Dated June 1, 1941, the debentures mature annually to June 1, 1951.

* * *

Charlesbourg, Que.

Village of Charlesbourg 4% installment debentures to value of $56,100 have been purchased by J. E. Laflamme, Ltd., of Quebec City. The debentures mature annually, 1942 to 1951, inclusive.

Oil Pipe Line Progressing

236-mile Pipe From Portland to Montreal Ready by Next December

From Our Own Correspondent

MONTREAL.—The 236-mile oil pipe line being lad from Portland, Me., to Montreal will cross the international boundary this week end. This emergency enterprise is designed to offset the diversion of tankers to Britain and will cost in the neighborhood of $8.5 millions.

Although construction of the pipe line was not definitely decided until two months ago, more than 40 miles of pipe already have been laid and work is being speeded at the terminal in South Portland. At the Montreal end operations have started with dredges preparing the ditch in the bed of the St. Lawrence in which the pipe line will be laid.

Operate in December

Present plan calls for completion of the line late this fall, with initial operations to start about the beginning of December. Because of delay in securing some pumping equipment operations will be limited until about the middle of January or beginning of February when deliveries will be stepped up to between 50,000 and 60,000 barrels a day.

The pipe line will virtually assure an adequate supply of crude oil reaching the oil refineries in the Montreal area and at the same time will release tankers from the regular sea and river journey from Portland to Montreal. Tankers, of course, will still be needed to bring oil to the Portland terminal from South America or Gulf of Mexico ports.

Big Undertaking

Cost of the South Portland terminal alone will be $1.5 millions. There, six storage tanks, each of 140,000 barrel capacity, will receive the crude oil. Eight pumping stations, about 30 miles apart, will send the oil to Montreal at an average speed of three miles an hour. About 32,700 tons of pipe will be used.

Canadian portion of the line is being constructed by the Montreal Pipe Line Co., formed by Imperial Oil Co., which in turn is controlled by Standard Oil Co. of New Jersey. The latter organized the Portland Pipe Line Co. to build the line in American territory.

Canada Northern Net Profit Lags

Operations and Gross Income Continue on Broader Scale

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp.'s output continues to increase, as also the number of customers served, but net revenue declines.

During June, output amounted to 60.6 million kw.h., an increase of nearly two million kw.h. over the output for June, 1940. This was reflected in an increase in gross earnings from $407,463 to $442,448. But an advance in operating expenses reduced net earnings from $197,154 to $189,984 in June this year.

For the first half of the current year the company had an output of 371.3 million kw.h., compared with 379.4 million kw.h. for the like period of 1940.

Gross earnings of $2,517,761 showed a decline of $38,416 in the same period last year. Added to this was an increase of $57,763 in operating expenses, leaving net income of $1,-112,220 or $96,179 less than a year ago.

As at the end of June, 25,635 customers were being served by the company an increase of 1,123 over the number reported at the end of June a year ago.

Saguenay Electric Co. Absorbs Racine Unit

Application of Saguenay Electric Co., subsidiary of Saguenay Power Co., for authority to purchase the distribution system owned and operated by Aluminum Power Co. in the Municipality of Racine, P.Q., has been approved by the Public Service Board of Quebec.

The system acquired by Saguenay Electric provides service for about 21 customers and is being acquired at a cost of $5,639.

Deer Park Manor Pays Bond Interest

Interest coupon No. 25, due June 1, 1938, on the 7% first mortgage bonds of Deer Park Manor Ltd. will be paid on or after Aug. 5, 1941, it is announced. The company's taxes for the current year have been paid and all operating accounts are being met when due, it is stated. No increase in rentals has been made but better demand for accommodation is expected this fall with a hope for increase in revenue.

Corporate Investors, Ltd. Raises Stock Holdings

Since the close of its fiscal year, April 30, 1941, Corporate Investors Ltd. reported slight increase in holdings of common stocks. Percentage of the portfolio in common shares now amounts to 58%, against 57% at the end of April. Holdings of Government bonds have dropped from 14% to 13% of the portfolio, taken at cost, and the proportions invested in other classes of securities are unchanged.

New securities added to the list are Dominion Victory Loan Bonds; Bathurst Power & Paper "A" and East Malartic. The last has been repurchased, having been held previously. No stocks were taken off the list since April 30.

Largest holding of an individual company is Consolidated Mining & Smelting stock, which is listed at 4.8% of the portfolio, the amount invested in the stock being between $40,000 and $60,000. Other securities held by the company, grouped according to the amounts invested in each security and the percentage of each group to the total cost of the investment portfolio, are as follows:

COMMON STOCKS (57.8%)

$40,000 to $60,000 Each (4.8%)
Consolidated Mining & Smelting.

$20,000 to $40,000 Each (14.1%)
Canadian Industries, B
Canadian Westinghouse Co.
Hudson Bay Mining
Imperial Oil Limited
International Nickel Co.
International Petroleum Co.

$10,000 to $20,000 Each (18.2%)
Aluminium Limited
Andian National Corp.
British American Oil Co.
Canada Packers Ltd.
Canada Wire & Cable, A
Cosmos Imperial Mills, Ltd.
Dominion Bridge Co.
Dominion Textile Co.
Ford Motor of Canada, 'A'
Moore Corporation Ltd.
National Steel Car Co.
Ogilvie Flour Mills, Ltd.
Steel Company of Canada
Union Gas Co. of Canada

$5,000 to $10,000 Each (4.7%)
Asbestos Corp.
Canada Malting Co.
Canadian Bronze Co.
Dominion Glass Co.
Fanny Farmer Candy Shops
Lake of the Woods Milling Co.
Loblaw Groceterias, B
Penmans Ltd.

Under $5,000 Each (1.8%)
Bathurst Power & Paper, A
Building Products Ltd.
Canada Steamship Lines
Consumers' Gas Co.
Gatineau Power Co.
Hinde & Dauch Paper Co.
Page-Hersey Tubes

Gold Mines, Under $7,500 Each (5.8%)
Aunor Gold Mines, Ltd.
Bralorne Mines, Ltd.
Buffalo Ankerite Gold Mines
Central Patricia Gold Mines
Cochenour Willans Gold Mines
Dome Mines, Ltd.
East Malartic Mines, Ltd.
Hollinger Consolidated Gold Mines
Kerr-Addison Gold Mines
Lake Shore Mines
Lamaque Gold Mines
Little Long Lac Gold Mines
Macassa Mines
Malartic Gold Fields
McIntyre Porcupine Mines
Northern Empire Mines Co.
Preston East Dome Mines
San Antonio Gold Mines
Sylvanite Gold Mines
Upper Canada Mines

Financial (8.4%)
Bank of Montreal
Bank of Nova Scotia
Bank of Toronto
Canadian Bank of Commerce
Chartered Trust & Executor Co.
Dominion Bank
Imperial Bank
Royal Bank of Canada

PREFERRED STOCKS (26.4%)

$20,000 to $40,000 Each (8.4%)
General Steel Wares Ltd., 7%
Great Lakes Paper Co., A $2.00
Price Brothers Ltd., 5½%

$10,000 to $20,000 Each (15.3%)
Blue Ribbon Corp., $2.50
Canadian Car & Foundry, $1.75
Canadian Celanese Ltd., 7%
Canadian Wirebound Boxes, A, $1.50
Dominion Coal Co., $1.50
Dominion Tar & Chemical, 5½%
Gatineau Power Co., 5%
International Bronze Powders, $1.50
International Metal Industries, 6%
International Paper & Power, 5%
Simpsons Limited, 6½%
United Fuel Investments, A, $3.00
Western Grocers Ltd., 7%

$5,000 to $10,000 Each (1.8%)
Hamilton Cottons, Ltd., $2.00
International Power Co., 1st, 7%
Marcus Loew's Theatres, Ltd., 7%

Under $5,000 Each (.9%)
Canada Bread Co., B, $2.50
Canada Steamship Lines, 5%
English Electric Co., A, $3.00

CORPORATION BONDS (2.6%)
Algoma Steel Corp., 5%, 1948
Dominion Steel & Coal Corp., 6¼%, 1955
Donnacona Paper Co., 4½%, 1956
Lake St. John Pwr. & Pap., 5½%, 1961
Lake St. John Power & Paper, 5%, 1961

GOVERNMENT BONDS (13.2%)
Canada, 3%, 1951 (Victory Loan)
Canada, 3%, 1949/52 (2nd War Loan)
Canada, 3% 1950-55.

Since the company commenced operations in 1932, investments in bonds were decreased until only 3% of holdings were in this type of security. As at June 30, 1941, the proportion in Government bonds had risen again to 13%, while corporaion bond holdings amounted to 3%, bringing the total to 16% invested in bonds. Purchase of the Second War Loan and the Victory Loan accounted for the increase.

Distribution of holdings since June 30, 1932, is as follows, calculated at cost of the securities:

INVESTMENT DISTRIBUTION

	Gov't & Munic. Bonds %	Corp'n Bonds %	Pref. Stocks %	Com. Stocks %
June 30, 1932	100	..	..	..
Apr. 30, 1933	55	45	..	..
Apr. 30, 1934	14	19	32	35
Apr. 30, 1935	7	5	42	46
Apr. 30, 1936	3	3	29	65
Apr. 30, 1937	2	3	29	66
Apr. 30, 1938	..	3	29	68
Apr. 30, 1939	..	5	28	67
Apr. 30, 1940	..	3	28	69
Apr. 30, 1941	14	3	26	57
June 30, 1941	13	3	26	58

Mexican Light Pays Interest

Paying 5% in U. S. Funds to Assist Holders —Register for Meeting

Interest on the 5% first mortgage bonds of Mexican Light & Power Co. will be paid at the rate of 5% for the period from February 1, to August 1, 1941, on the latter date. As no coupon is attached to the bonds, which matured Feb. 1, 1940, they must be presented for endorsement of the payment at the chief office of the Bank of Montreal in Montreal, Toronto or London, or at the bank's agency in New York.

Owing to the difficulty in presenting bonds for payment in New York under war conditions, arrangements have been made for payment of interest in U. S. funds at any of the abovementioned places. In England and Canada this payment will be subject to exchange control. The company states that this arrangement is not to be considered a precedent or a waiver of any of the company's rights with respect to the funds in which interest may be payable.

In connection with the refunding proposals to be considered at the meeting in September, it is stated that bondholders may avoid depositing bonds for the meeting by registering their bonds at any of the places where interest is payable. Such registration will be carried out free of cost to the holders, it is stated.

Railway Earnings Show Wide Gains

Canadian Pacific Railway Co. reports gross earnings in the week ended July 21 of $4.4 millions, an increase of $1 million, or 30% over the same week last year. Cumulative gross earnings in the year to July 21 amounted to $112.5 millions, an increase of $27.1 millions, or 31.7% over the corresponding period of the preceding year.

Gross revenues of Canadian National Railways amounted to $5.8 millions in the week ended July 21, an increase of $938,008 or 19.1% over the corresponding week last year.

Gross revenue in the year to July 21 amounted to $158.5 millions, an increase of $29.7 millions or 23% over the corresponding period of 1940.

Uptown Theatre Leasing Ends

With the expiration of the present lease, Marcus Loew's Theatres Ltd. will discontinue its practice of leasing the Uptown Theatre, Toronto The Financial Post is informed. The theatre, which has a seating capacity of 2,761, has been operated by Famous Players Canadian Corp. under a lease which expires Sept. 1, 1941. Operation will then be carried on by Marcus Loew's Theatres.

The company already operates Loew's Theatre in downtown Toronto, with seating capacity of 2,074. Earnings from this theatre and rentals from the Uptown have been bringing in slightly over $200,000 annually in the past three years, leaving a net of $94,508 in 1940. Since Aug. 30, 1934, the mortgage balance of $32,352 on the Uptown has been paid off, and arrears of preferred dividends amounting to $36.75 per share have been met, leaving a balance of $3.50 per share currently in arrears.

Railway Union Talks Awaited

From Our Own Correspondent

MONTREAL.—Informal discussions which were to have taken place between representatives of the two railways and the unions, to consider implementing Hon. Norman McLarty's suggestion the cost-of-living bonus apply to all workers, have not taken place to date.

It will be recalled the Board proposed a bonus to all workers earning $25 a week or less. This was unacceptable to the Minister of Labor. The Minister has not the power to enforce his suggestion so that it has to be accepted voluntarily by the railways or the Board reconvened to reconsider the matter.

Company Reports

Eastern Light & Power

Number of electric customers being served by Eastern Light & Power Co., Sydney, N.S., at the end of 1940 was 10,743, an increase of 507 since the end of 1939. Sales of electrical appliances rose 25% over 1939 to $43,733.

Business conditions in the districts served are stated to have been active with coal operations at 80 to 90% of capacity, steel activities at 90 to 100%. As many as 4,000 men were regularly employed at the steel plants. Rural electric line was lengthened 1.7 miles, some work was done for the Department of National Defense, and other construction was largely to meet the needs of increased lighting and power services.

Prospects for 1941 indicate continued business activity in the district, calling for increased power supply, according to W. S. Thompson, president.

Income and Surplus Account
Years Ended December 31

	1940 $	1939 $
Gross earnings	496,391	442,209
Less: Cost of power	192,736	167,315
Operations & maint.	127,192	114,823
Depreciation	39,452	41,683
Interest	23,918	17,105
Bond disc. & exp.	2,320	......
Govt. taxes	59,283	38,643
Net income	51,490	62,640
Less: Dividends	48,000	72,000
Surplus for year	3,490	*9,360
Add: Prev. surplus	67,451	133,911
Less: Debt disc. & exp.	......	57,100
Surplus forward	70,941	67,451

* Deficit.

Earned per Share:		
Common	$0.85	$1.04
Paid	0.80	1.20

Working Capital

Current assets	180,080	114,630
Current liabilities	102,144	83,304
Working capital	77,936	31,326

How Japanese Threat Affects Silk, Rubber, Tin and Foods

Apparent blotting out of further raw silk imports from Japan finds the Canadian industry well adapted to lower silk consumption and with inventories sufficient to carry production at present quota rates to the end of the year, The Financial Post is informed. Closing of futures silk markets for the time being at least makes it impossible to acquire additional stocks, but under the quota approved for 1941, manufacturers have been able to import raw silk equivalent to five months' supply at quota rates of consumption.

Impact of the silk blockade on U. S. industry is likely to be considerably more severe as American mills have not suffered any reductions to date. They now face the technical problem of adjustment to substitutes and that of obtaining adequate supplies of synthetic yarns. It is expected that Canadian exporters of high grade bleached sulphite pulps used in rayon production will experience marked increase in demand.

No Change in Quotas

To date, no order changing the present Canadian quotas has been announced. This year, in relation to "normal" silk requirements based on the year ended Nov., 1940, quota allowances have been as follows: January and February, 100%; March, April and May, 75% of normal; June, July and August, 50%, and September on, 40%. Production of natural silk broadcloth was cut out entirely, the fabric now being made entirely from viscose (rayon) yarn.

In the first four months of 1941, the quota system allowed purchases of 388,000 lbs. of natural silk. The industry bought only 345,000 lb., bettering its quota by 11%. Under ordinary conditions, Canada would import 2.3 million lb. of silk annually, valued at between $6 and $7 millions. Purchases in the first four months indicate an annual industrial consumption of less than one million pounds, which will be further reduced as the quota reductions are increased.

All-Silk Parachutes

Production using 100% natural silk is now restricted to parachute canopies and cords, and the insulation of fine wires used in instruments and electrical equipment where the bulkiness and weight of cotton is a disadvantage. Experimental work with nylon is being actively carried on to render Canadian production of these items independent of natural silk. It is understood that several "bugs" have to be ironed out before effective use of the synthetic fibre in parachutes is possible, but stocks of the natural silk are regarded as adequate for some time to come. As the type of silk used in parachutes is of higher grade than that used in hosiery, there is little likelihood of hosiery manufacturers' inventories being commandeered for military use.

To date, policies of the United States and Canada toward Japan have not been stated positively enough to enable silk dealers to make long range plans. If Japan behaves, there are apparently loopholes through which a return to more normal relations could be arranged. But if the situation does not improve, Canadian production appears safeguarded until the end of the year at least. Future bottlenecks may appear between the end of the year and the start of production at C.I.L.'s new nylon plant at Kingston, expected for spring of 1942. The addition of large U. S. demand for rayon pulps may be temporarily in excess of the productive capacity of Canadian producers of the higher grades of bleached sulphite pulp.

Rubber Supplies

Crude rubber, one of Canada's major imports from the Far East, is not directly affected by the outbreak of difficulties with Japan. Canada has never bought any rubber from Japan, all of our supplies coming from Malaya and the Dutch East Indies. Indo-China produces some rubber but it is not a large factor in the trade.

Any threat to Canada's rubber supplies which might arise out of trouble with Japan is one that has been recognized almost since the war started. It is a question of transportation. British and Dutch sources between them control by far the largest share of the world's crude rubber output. Japan would need to actually bring the war to that part of the world to interfere with the production of rubber which could be sold to Canada, other parts of the Empire or the United States.

Rubber Production Adequate

For some months past rubber plantations have been producing at 100% of capacity and world stocks are said to be quite adequate. To date Canada has been getting crude rubber with fair regularity and substantial stocks have been built up in this country. How much is not being stated but it is said to be sufficient to carry on for some months. Extra stocks are also being held in the United States although it appears that rising consumption and transport difficulties have made it difficult to build up rubber supplies on this continent to as great an extent as had been hoped. Rubber has had a top ranking in priority for the cargo space available, being recognized as a vital commodity.

Canada continues to acquire shipment supplies of rubber according to New York reports. Cargo space has been arranged and the Dominion paid prices about ⅜ cent a pound above the 18½ cents f.o.b. Singapore at which the U. S. Rubber Reserve Co. does its buying. Canada's imports of crude rubber for the first five months of this year were 27.9% above last year with the May total 12.5 million pounds compared with seven million in May, 1940.

Tin Depends on Ships

Tin is another essential commodity that is almost exactly in the same position as is crude rubber. There is tin available from non-Japanese sources which would be adequate for our needs but the difficulty is to get it carried here by boat. Rubber and tin have apparently been getting priority on available cargo space.

The tin situation has not been altered to any extent by latest developments in the East. The shipping difficulty, and the potential threat of Japanese interference, have long been recognized and strenuous efforts made to build up stocks in this country. In New York, spot tin prices moved up about two cents a pound in two days at the end of last week.

Spices and Tea

Interruptions to Canada's food supplies resulting from friction with Japan are likely to be secondary to the restrictions already in effect as a result of exchange conservation measures and the rationing of shipping space, according to importers. Direct from Japan have been coming most of Canada's green tea, chiles and capsicums used in the making of cayenne pepper.

Green tea, of which Canada imported 2 million lb. from Japan, 100,000 from other sources last year, accounts for about 6% of total tea consumption. By changed processes, it can be made from the same leaf as black tea, now coming almost entirely from India and Ceylon.

Chiles can be had from Africa at 10 to 15% higher prices than the Japanese quotations.

More serious shortages might develop if war breaks out in the Far East, interfering with spice supplies from the Netherlands East Indies. Against this possibility a number of the larger dealers have been expanding inventories, in some cases since the outbreak of war, and stocks on hand are probably at the highest level ever reached in Canada. Unofficial estimates indicate that there are on hand sufficient of most spices to last at least a year.

New Supply Sources

Shortage of shipping space, and the priority of tin and rubber in the vessels coming from the East have led to the development of alternative sources of supply. Mustard seed, for example, is now being grown in Canada. At the present price of around 16 cents a pound, cultivation has come within the range of the Canadian farmer. Before the war the price was 3 cents per lb., and most of the Dominion's mustard came from the Netherlands East Indies via Holland. Mexico is now a source of allspice and bay leaves, Chile sells us marjoram. Thyme and sage, formerly imported from France, now are brought in from Spain.

Although in many cases prices have advanced 50% and more, the increases have not been serious additions to the cost of living owing to the small amounts used by the average consumer. Prospect is for no further restrictions in supplies, but these may have to be bought from higher cost producers in South America, the West Indies and Africa.

British Columbia Stake

From Our Own Correspondent

VANCOUVER—Of all the provinces British Columbia had the most to lose from the Jap threat because last year the west coast accounted for $8.5 millions and B. C. exports, chiefly in pulpwood, copper, lead and fish, were worth $6.6 millions last year.

Exchange Restrictions

During the past year, Japan has been able to find funds for purchase in dollar exchange only for the products vitally needed for war. Although forced to cease buying kraft from Port Mellon Operating Co. (now temporary shut down), Japan tried to maintain purchase of pulp that could be converted into explosives, and Japan continued to buy the entire copper output of Granby Consolidated Mining, Smelting & Power Co. until the Canadian Government established an embargo last summer. Lead, nickel and scrap iron continued to be sought in Canada by Japan, but Ottawa placed these metals under rigid export control.

Japanese shipping in British Columbia waters will probably be held, temporarily at least. One ship in Vancouver at the time the order was announced was loading raw hemlock logs for Japan. This log business will probably be doomed now; it has recently represented 40 million feet annually, worth about $600,000.

Japanese capital and industrial holdings, except by Canadian-born or naturalized residents, are negligible in Canada today. Japanese still hold timber at the north end of Vancouver Island amounting to about 600 million feet and elsewhere in British Columbia in smaller amounts. They operated copper mines on the west coast of Vancouver Island, and shipped a few cargoes of ore direct to Japan up to about a year ago, but the venture was found unprofitable and abandoned.

Trucks Are Vital Cog In Victory Production

War industries and highway transports are allied in "all-out" effort

Certainly this is a mechanized war . . . our forces must have adequate oil and gasoline supplies.

Trucks, too, are necessary to the national effort. Day and night they speed movements of war materials and supplies from key point to key point . . . maintain essential civilian schedules, such as the transportation of foodstuffs from producers to ultimate consumers.

We endorse the Oil Controller in any restrictions necessary to reduce non-essential gasoline consumption . . . but the country needs uninterrupted truck transportation services.

Published in the interests of the general public as well as of truck operators

by

THE AUTOMOTIVE TRANSPORT ASSOCIATION OF ONTARIO

2 Toronto Street Toronto, Ont.

Dom. Bakeries To Wind Up

Maple Leaf Milling is Likely to Take Property as Largest Creditor

Premier Trust Co., Toronto, is acting as liquidator for Dominion Bakeries Ltd., now in the process of winding up. Creditors have been instructed to register their claims with the trust company on or before Aug. 6, and on the following day a permanent liquidator is to be appointed by the courts.

Principal creditor and shareholder of the company is the Maple Leaf Milling Co., whose investment in stock is understood to have amounted originally to about $378,000 when Dominion was started in 1928. In addition, Maple Leaf has claims against the company for approximately $216,000, largely as a result of advances for the purchase of flour.

Dominion Bakeries owned 10 plants a year ago, scattered through southern Ontario. Preferred dividends have been earned only once, in 1929, the year after operations were begun. Trend toward large centralized bakeries, serving outlying districts by truck is described as responsible for the company's loss of earning power. Recently the properties have been operated by independent bakers under lease.

As Maple Leaf Milling's claim of $215,758 at Aug. 31, 1940, compared with other creditors' claims of $876, it is expected that the properties will revert to the milling company.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Victoria Realty	*6%	1948	Aug. 15	102½
Dom. Tel. Secs.	†5½%	1978	Aug. 2	par
Mtl. Refrig.	▪6%	1947	Dec. 1	par

Drawn by lot: †$5,200.
*All outstanding balance.
▪All outstanding balance. Company will purchase bonds prior to the redemption date at 102, including accrued interest.

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BUSINESS OPPORTUNITY

AN OPPORTUNITY is available for the purchase of a thriving custom tailoring establishment as a busy going concern, including valuable business building, if desired. Old established firm which has kept pace with modern trend. Apply THE NOVA SCOTIA TRUST COMPANY, Halifax, N.S.

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MAN experienced in invoicing routine and general office procedure—state education and qualifications—good salary. Box No. 110, The Financial Post, Toronto.

The Editorial Page . .

Our Dependence on Gasoline

In any compulsory gasoline rationing scheme, the authorities must recognize that there has been a revolution in transportation method in this country in the past decade or so. A sweeping reduction in motor fuel might work a very real hardship in many cases, indeed, might seriously interfere with Canada's war effort.

Some communities which were once adequately served with local and suburban street railway lines, are now completely dependent on automotive vehicles. Rails have been ripped up or buried beneath asphalt. In many districts, steam lines have been abandoned and the villages and towns which once they served are now linked only with highways.

Decentralization, too, has made sweeping progress in almost all the large centres of Canada. Thousands of people, well to do as well as those of extremely modest means have purchased homes miles from factories or offices. Their only means of getting to their places of occupation are their own motor cars or in some cases, local bus lines.

More recently we have seen the establishment of huge new war factories, sometimes miles removed from built-up centres. These plants are or will be drawing their labor from a very wide radius. Many of them could not secure this labor unless automotive transport was available.

All this development must be taken into consideration if and when the Dominion government decides that rationing of gasoline is necessary. No one will object to any sacrifice which may help win the war but we must avoid any hasty step which might have the opposite effect.

Revolution by Default

The highly taxed business houses of Canada should not overlook the social revolution that "co-operative" business operations are bringing about.

The average person thinks of the "co-operative movement" as embracing small farm or fishing groups, or long-haired cranks who run their own small retail stores to save a few per cent on their purchases. But the co-operative movement is big business. What is more important, a lot that passes for "co-operation" is called that merely to escape legitimate taxation.

The western wheat pools, for instance, operate line elevators that are in no way distinguishable from other grain companies. They take business from any one; they make the same charges as any one else; they earn enormous profits; the profits do not go back to the customers but accrue for the shareholders. Yet they contend they should not be charged income taxes. There are similar co-operatives in many other fields—milk, farm implements, insurance, fencing, etc.

In addition to such organizations, there are huge wholesale companies in the drug field, the grocery field, the hardware field, etc., which come closer to the true definition of co-operatives in that they deal only with their members or shareholders and that the dividends they pay go back, for the most part, to the customers in proportion to their trade with the co-operative, rather than to shareholders.

Both types of co-operatives are growing in number and size and an increasing proportion of the business of the country is being done through them.

They pay no income taxes. Yet it can not be denied that they benefit from every governmental function as much as the trade of other business concerns. Are our armies not fighting to protect the co-operatives? Do they not use the highly subsidized national railways? Do their members and employees not require the services of governmental departments?

What is happening as a result of this unjust discrimination is, of course, that many private business houses are turning into "co-operatives," selling out to their customers, in order to escape taxation. It is easy to foresee the results of this trend; a large proportion of the business of this country being done without contribution to the cost of government while an increasing share of cost is piled upon the balance. It will be surprising if the trend to co-operation does not achieve avalanche proportions.

And then what? With no business tax how will governments carry on?

Britain has been gradually bringing co-operatives under the full range of taxation. This is only just.

The present situation is turning Canada into a co-operative state. There are many people who think that's what it should be. If we want a socialist state, we should achieve it by design and not by drifting into it because we have not as yet awakened to the implications of the tax exemptions that the income tax legislation authorities grant to co-operatives—both the real ones and the fake ones. But there is no evidence that Canadians want socialism.

Planning Our New Communities

Canadians generally have ignored the need for intelligent town planning. In this country we have done little or nothing to adapt urban centres to the changing needs of modern life.

This apathy has prevailed even where obvious chances have presented themselves, such as in the extension of towns and cities and the evolution of new suburban communities.

Now wartime developments offer golden opportunities, which should not be passed up, to apply town planning principles in the creation of new communities. It is one thing to attempt to remake an existing urban centre, with all the problems of deep-rooted conditions and vested interests. It is quite another thing to be presented with a clear field, free of physical, financial and legal difficulties, to create new communities from the ground up on a sane model plan.

Such opportunities are opening up in the growth of new centres around big war plants, defense concentrations, and other projects arising out of wartime circumstances.

Notable in the last category are the new communities to be evolved in the St. Lawrence area to replace Morrisburg, Iroquois and other centres flooded out under the Seaway scheme. In addition both the power and navigation aspects of the Seaway will undoubtedly stimulate industrial and other development in the region, and lead in future years to appearance of new communities and growth of existing centres.

The re-creation of the towns to be flooded out will be, of course, primarily a Dominion responsibility. But control over municipal operations and development is vested in the provinces. Ontario must take a close interest in the location and planning of the new St. Lawrence centres. Control over municipal development was recently extended by the Ontario Legislature, with an act permitting more effective zoning, regulation of building and use of land, etc.

In Great Britain, town planning is being broadly and decisively applied in the reconstruction of urban areas demolished by war. While happily exempt from the horror and destruction which have paved the way for planning in Britain, Canada has also been given war-born opportunities to build more soundly for the future. It is not purely a question of aesthetics and beauty. It is a problem of businesslike, dollars-and-cents planning so that our urban centres may function as efficiently as possible.

Will We Be Wise Enough to Trade?

World trade has been completely upset by the war. Carefully devised trade pacts have come to mean nothing.

Fighting for her very life, and with her resources of ships and credit strained, Britain has turned more and more to the nearest available source for food and weapons. This has meant a huge expansion of exports for Canada and the United States but a sharp contraction for the distant dominions, the colonies and South America. Denmark, a major source of British food supply before the war, along with the rest of Continental Europe, has been completely cut off.

To straighten out this tangle of world trade caused by the war and the ten years of extreme economic nationalism which preceded it, will require a complete rewriting of all trade agreements between nations. Reports from Washington suggest that preliminary studies along this line have already started. Canada will have to start thinking about the future of Empire preference and its trade treaty arrangements. In our thinking we should look outward upon the world at large.

A few months after the present war started ex-Premier Reynaud of France stated that the biggest mistake of the Versailles peace was that it permitted the establishment of artificial trade barriers along the new frontiers of Europe. The freeing of the oppressed peoples of the old Austro-Hungarian Empire, he argued, was humane and sane, but the destruction of that great trading bloc of southwestern Europe was another matter entirely. Out of that destruction grew first the Austrian and later the Sudeten crisis, both of which were milestones on the road to war. An even greater curse to the world was U. S. tariff policy in the post-war years, as wise Americans now recognize.

In the peace treaty which must follow this new war, the world cannot afford to make the same mistake of ignoring world trade. We must not turn political boundary lines into economic walls. Somehow a way must be found of utilizing our full world production. The pre-war spectacle of food being destroyed in one country and people starving in another, of idle factories on the one hand and underconsumption of consumer goods on the other, must not be repeated.

There will be no place for sky-high tariff walls in a world honestly determined to rebuild itself. Everything that can be grown or raised will be needed to build up undernourished bodies the world over. Everything that can be produced in all of the factories of the world will be needed to rebuild Britain and Europe. The world market for goods and services that will exist will be many times greater than the sum total of all the individual national markets. If nations set out to protect all those small national markets and forget the larger world market, we'll head straight into another war in another generation. We ought to have learned that much from the Great Depression and two world wars.

Editorials in Brief

There is merit in the suggestion of the Brampton Conservator that Mr. King should ask Dr. Gallup to poll Canadian opinion on the question of conscription. It is neither necessary nor desirable that the country endure a general election on this issue and few responsible people indeed have suggested such a course.

* * *

The American loan of $425 millions to Great Britain last week means, says Whaley Eaton Service, that Britain has scraped the bottom of her securities barrel in the United States, that she has sold or mortgaged every last dollar of credit in that country, to prosecute the war. Yet only a few weeks ago there were insinuations by U.S. isolationists that Britain was not using her own treasure in this fight for world freedom.

* * *

Staggering the working hours of the civil service in the Dominion's capital in order to relieve the crowding of street cars around 9 a.m. and 5 p.m. is suggested by David Gill, general manager of the Ottawa Electric Railway. This proposal merits far wider consideration.

In practically every large city of Canada, probably 75% of the working people travel to and from their places of business in street car, bus or private automobiles. And the great majority of these people attempt to travel at the same time.

This throws a tremendous load on the local transportation system, causes traffic jams, wastes both gasoline and electric power. Spreading this rush period over a couple of hours would certainly create enormous saving in transportation costs and might permit the present commercial equipment to carry the larger load which any rationing of gasoline is sure to create.

GETTING OUT OF PROPORTION

—Cartoon by Grassick.

Post-Scripts . . . .

T. C. A.'s New Boss

Herbert James Symington, known to his intimates as Herbie or Herb, brings to his new post of president of Trans-Canada Air Lines a reputation as a worker. Ever since he graduated from Osgoode Hall in 1905, this 60-year-old lawyer has been getting things done. He has never been a public figure in the usual sense of the expression, but in legal, business and political circles he is known for his keenness of mind and his determination and ability to win any fight.

H. J. SYMINGTON

Immediately after he left law school, he followed Horace Greeley's advice and went west to 'settle in Winnipeg. It did not take him long to find an outlet for his energy. The following year he was appointed solicitor for the Grand Trunk Pacific Railway. He held this position until 1909. Thereafter his private business grew, until shortly Mr. Symington was recognized as one of the outstanding corporation lawyers in the West. But his reputation in Winnipeg and the West was not built on his knowledge of corporation law, but rather as the crusader for lower freight rates for the West. He appeared before numerous commissions on this knotty question and his ability to interpret the highly complex western railway freight rate structure made many people on the prairies regard him as something of a "white hope."

Had Mr. Symington remained in the West there is no saying to what position he might have achieved. Toward the end of 1928 Winnipeg received a shock, and momentarily felt that their "Herbie" had gone over to the enemy. He announced he was going east to join the firm of Royal Securities Corp. as vice-president and director. This investment house, headed by Isaac Walton Killam and with which Lord Beaverbrook was once associated, represented "Big Business," and, it followed, an enemy of the West. Winnipeg got over its shock in time to give Mr. Symington a send-off banquet. Some 400 of the leading businessmen of the community attended the dinner. Many nice things were said about Mr. Symington and what he had done for the West. Their disappointment at his becoming associated with Big Business was not concealed, but their well-wishes were sincere. The West need not have worried, for Mr. Symington has been one of their most able advocates in the East.

There is a story current that shortly after he arrived in Montreal, Sir Edward Beatty met I. W. Killam on the street one day and congratulated him on getting Mr. Symington to enter the firm, saying it was the best stroke of business he had ever done. Mr. Killam undoubtedly feels the same way today, for in the interval Mr. Symington has acted as the legal watchdog for Royal Securities Corp.

Since his association with Royal Securities he has become well known in the eastern business and corporation field. Naturally he has been associated with the numerous deals in which his company has been interested, and on several occasions has taken a prominent part in them. Thus he was intimately associated with the reorganization of Price Bros. and Co., with which he retains a connection as chairman of the board. He is chairman of the Abitibi Bondholders Committee, a director of the C.N.R., and associated in similar capacity with nearly a dozen companies which his firm has been instrumental in financing.

Since the war Mr. Symington has broadened out to assume more public duties. His first public office was his appointment as Power Controller. He then became one of the Canadian representatives on the Material Co-ordination Committee of the United States and Canada. In this latter work he is associated with George Bateman, Wm. L. Batt, Sr., and E. J. Stettinius, Jr.

With all his interests, there is no side to Mr. Symington. He is not interested in making an impression on anyone; he lets his work speak for itself. That will be the case with T.C.A.

* * *

Free Samples

There are many Canadian businessmen who are impressed with the way Ottawa places orders for materials, but there are others who are "fed up with red tape." One of the latter group tells the following story: "Red tape at Ottawa? The place is throttled with red tape! Why only the other day I was asked by Ottawa to tender on 10 pounds of dry white lead. The specifications said each tender had to be accompanied by a quarter pound sample of the product. It was a general tender and I suppose every paint manufacturer sent in a bid together with a quarter-pound sample. There are about 90 firms handling this product, so the Government received free of charge 22½ pounds of dry white lead."

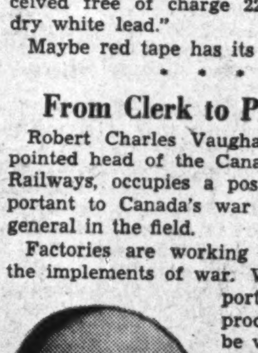
Maybe red tape has its usefulness!

* * *

From Clerk to President

Robert Charles Vaughan, newly appointed head of the Canadian National Railways, occupies a post no less important to Canada's war effort than a general in the field.

Factories are working full blast on the implements of war. Without transportation their production would be worthless. And only the vast network of steel rails connecting Canadian industry, stretching from Halifax to Vancouver can fulfill the huge demand for transportation. Only rails can carry large bodies of troops.



R. C. VAUGHAN

In replacing S. J. Hungerford as president and chief executive officer of C.N.R., Mr. Vaughan takes over the helm at a critical stage of Canadian history. Canadian rails appear equal to the task ahead, but their guidance must be skilled and experienced.

The new president brings 42 years experience in rail operations to the new post. Over this period he has probed practically every branch of railway activity — operation, maintenance, finance, traffic promotion, steamships, and executive administration. He is intimately acquainted with regional economy and sectional operations.

No theorist is this heavily built, keen-eyed railwayman. Born and educated in Toronto he began his railway career as a messenger with the opposition line, Canadian Pacific Railway Co., in 1898.

In a game where seniority counts, his climb was rapid—clerk, then stenographer with C.P.R. Then in July, 1902, he went to the old Grand Trunk Railway. One year later he moved to Canadian Northern.

After six years service with the old road there were indications he was going places in the railroad game. His appointment as secretary to the vice-president and general manager of Canadian Northern gave him the opportunity of which every young man dreams.

Through his contact with officers and employees of the line in every branch of the service he received a liberal and diversified education in railroading. He exploited the opportunity and learned a great deal from his preferred position in executive conferences.

His efforts were rewarded in 1910 by appointment as assistant to the vice-president and general manager. With the position went direction of the Royal Lines Steamers trading between Montreal and the United Kingdom.

In September, 1918, he was appointed assistant to the president of Canadian National and assistant to the president of the Canadian Government Merchant Marine.

Those 10 valuable years of executive training opened the way for his selection to the vice-presidency of the road, in charge of purchases and stores.

While still a young man, Mr. Vaughan was responsible for the operation of the largest purchasing department in Canadian industry. He bought from 80,000 firms an average of $100 millions annually, ranging from pins to locomotives. One ton of coal out of every five produced in Canada was ordered through his office.

Like many top-flight executives war threw an extra burden on his shoulders. Mr. Vaughan's ability as an ace purchaser was recognized by Ottawa when he was appointed to take over the greatest purchasing job in Canadian history. On July 13, 1939, he was appointed chairman of the Defense Purchasing Board. He remained in the capital until the Ministry of Supply was set up.

Jumping into one of the most important jobs in Canada, he is preparing to apply the lessons of 42 years experience in directing the government-owned railway. He is confident that the history of C.N.'s part in Canada's industrial war effort will be a chapter in the book of the second Great War of which Canadians will be proud.

* * *

Churchill's Successor

Who would be the most popular man to succeed Winston Churchill if anything happened to the British Prime Minister?

A survey of British public sentiment conducted by the British Institute of Public Opinion indicates that Anthony Eden easily leads all other British public figures for this elevation. The present British Foreign Secretary was given first choice by 37% of the cross section queried. Others were far behind with Bevin and Beaverbrook in second place with but 7% each.

The cross section, apparently, covered all sections of British public opinion and was also divided into income groups. Eden led in all of these being 23% of the choice from the upper income group, 35% among the middle and 37% among the lower. Strangely enough Bevin, the labor leader, showed practically no change according to income groups. Lord Beaverbrook, on the other hand, was first choice among 14% of the upper income group but only six among the lower.

Leading choices for the man considered most suitable to replace the Prime Minister in the event of anything happening to Mr. Churchill are as follows:

Eden, 37%; Bevin, 7%; Beaverbrook, 7%; Hore-Belisha, 4%; Lloyd George, 3%; Halifax, 2%; Morrison, 2%; Attlee, 1%.

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Other People's Views . . . .

The Canadian Editorial of the Week

Unnecessary Elections
Vancouver Province

British Columbia, which is to have a general election in October, has as much need of an election at this time as Premier Pattullo has of a new white elephant. The 19th legislature was elected on June 1, 1837, and, under the Constitution Act, could run for five years after the return of the writs that is, until sometime late in June or early in July, 1942.

The old Legislature could carry on for another year quite as effectively as a new one could. There is no issue before the people except the continuance of the Pattullo government in office. There is no demand for an election. There is no urgency driving toward one.

On the contrary, there is a supreme urgency driving the other way. A war is being fought, and it is important that money and energy be conserved for the war, not dissipated in unnecessary political contests.

* * *

As Others See Us

Cannot Peg Living Standard
Woodstock Sentinel-Review

The director of public information, Ottawa, has provided the newspapers with an explanation of the purpose and meaning of Order in Council P.C. 7440, which "defines Canada's wartime wages policy." He describes it as important "legislation," which when you come to think of it is correct, though the enactments are not those of Parliament.

The Financial Post reports that a revised P.C. 7440 leaves out a previous reference which read:

"To assure the workers that, while they may be called upon to share in such sacrifices as the war makes necessary for the whole nation, their basic standard of living will not be impaired by any unavoidable increases in the cost of living."

That paragraph, the Post thinks, was an effort to sit on two stools, because no nation can fight a total war without doing violence to the living standards of the people. If the living standards of any group are maintained, then other groups not so well protected must make double sacrifices.

A similar opinion was expressed in these columns the other day, when it was pointed out that bonuses now provided for ostensibly to offset increased living cost do not begin to cover war taxation, and consequently it is futile to pretend that the standard of living can be maintained by this device.

In the circumstances, it is interesting to find in the official "explanation of the purpose the meaning" of P.C. 7440 that wage rates are about 4% higher today than in 1929, though the cost of living is 11% lower, and that "real wages and real earnings" are at an all-time high. Since that was written the cost-of-living index for June has been announced, and in relation to that of 1929 it is almost exactly 10% lower.

What was the matter with the living standard of 1929 that we dare not contemplate it now? That is surely the implication, when the Government makes the rising index since commencement of the war the basis for wage bonuses. As The Financial Post says, it is beyond the wit of man to devise a system for fighting war at a profit; the sacrifices will have to be generally shared. Moreover, wage increases are not even clear gain to the group benefitted, because they at once increase the price of consumer goods, or in the case of war industries the cost of equipment and supplies to be paid for out of taxation; and so we get the familiar and sinister spiral.

* * *

Canada's War Aid
Hanover Post

During the debate on the lease-lend bill the charge was made that Canada "demands cash on the barrel head" for her war aid to Britain. The Canadian Prime Minister refuted this charge in a speech in the House of Commons; it was answered in many Canadian newspapers. Yet the allegation persists.

Even in form it is false. As The Financial Post of Toronto points out, Canada's direct war expenditures now take 25% of her total national income. These expenditures are being made entirely by Canada. They do not represent "leasing" or "lending," but, in the words of Prime Minister Mackenzie King, "a direct contribution by Canada to the cause of freedom."

* * *

Regimentation Coming
Minnedosa Tribune, Man.

People of Canada have been extremely fortunate in their relation to the war effort so far. No real hardship has been imposed. Rather the war has lessened hardship by creating artificial employment.

With the exception of a few cents extra taxes on several items nothing has been done to force the people to take steps one way or another. The country has relied on appeals.

Apparently, though, this won't last forever. The time will come, and perhaps soon, when we will really know that there is a war on. The Financial Post predicts the advent of regimentation. It says: "Canadians may expect more regimentation in our national war effort. Instead of being asked to use more of this and produce more of that, soon we may be ordered to do so.

* * *

Labor Exemptions
New Glasgow (N.S.) News

Ottawa, the dispatches tell us, is beginning to take a more practical, if more thorny, view of the skilled labor situation. When the one-month version of conscription was announced, it was stated there would be no exceptions. Harsh words were said about airplane manufacturers who contended their craftsmen were more valuable making planes than drilling with their less skilled comrades. In vain this paper, The Financial Post and others argued that the tools were paramount in importance.

Now comes this sentence from Ottawa: "In a radical move to protect the man power for Canada's wartime industries, the Labor Department today was empowered by Order-in-Council to establish if necessary a system of employment priorities in the skilled trades."

The sentence was qualified with the statement that the move was of a "precautionary measure" and that there was no intention of invoking the new powers immediately but the news that the government is now looking facts in the face is itself significant.

* * *

The Mail-box

F. E. C. B. Censorship

Editor, The Financial Post:

We do not know whether the censorship of incoming mail by the Foreign Exchange Control Board has been brought to your attention.

We enclose copy of envelope which had a dividend cheque enclosed, with initials of censor.

It seems to us that this is a case of bureaucracy running wild and an unnecessary waste of time and effort, as a U. S. cheques must be declared through the Banks before credit is obtained for same.

Possibly this action might catch a few individuals who would cash cheques illegally in the U. S. for travel purposes but we think these would be very few.

D. A. G.

Editor's Note.—Censorship of mail on behalf of the Foreign Exchange Control Board is designed to check any breach of the exchange regulations by people who might be: Concealing ownership of U. S. funds or securities, which should be disclosed to the board; exporting securities illegally; or, dealing with people in enemy countries

As always, in such cases, innocent people as well as the guilty few may have their mail opened.

* * *

What the Papers Are Saying

War Cost
Toronto Star

The full cost of this desperate war will not be added up properly for some time. What is known so far is that Europe is spending for the war at the rate of about $50 billions a year, and the trend is steadily upward.

The estimates of financial cost that are available so far do not include Russia's, and are based upon budget estimates that were made earlier, for the fiscal year ending in 1942. These will without doubt have to be revised upward. When Russia's expenditures are included together with the $15½ billions which the United States proposes to spend in the coming fiscal year, the annual cost of this war will be nearer $80 billions.

* * *

New Economics at Ottawa
Farmers Advocate

Economists are about to learn something new. The Ottawa Government will show them how to raise wages and at the same time keep down the cost of living. It has never been done before, but most of the Ministers at Ottawa don't know too much about the science of economics, so they'll likely go ahead and do it—or make a mess of it.

* * *

Sayings of the Week

"The one thing I dread is confusion from overlapping of jurisdiction and duplication of effort."—*Fiorello H. La Guardia.*

* * *

"I think we're going to demand two eyes for an eye and four teeth for a tooth."—*Sir Gerald Campbell.*

* * *

"Cruelty and national lust have displaced human feeling and friendly international co-operation." — *Nicholas Murray Butler.*

* * *

"An anniversary will soon come when the uniforms of the German Army and the Gestapo will have disappeared from French soil." — *Foreign Secretary Anthony Eden.*

* * *

"The war will finish a good deal more quickly than any of us imagine."—*Lord Ironside, former Chief of Staff of the British Army.*

* * *

"The civil war settled slavery. This war will settle the quality of your lives and your children's lives." — *Felix Frankfurter.*

* * *

Stop Me If . . . .

"When I applied for a job the manager had the nerve to ask if my punctuation was good."

"And what did you tell him?"

"I said I'd never been late for work in my life."

War and Building Materials

Drastic Changes Effected in Supply Sources

War has not cut off supplies of any essential or important building material. Nor has any serious or continuing shortage developed, of materials required to meet prevailing construction demand at any period since the war started.

But in several fields, war has made it impossible to get fresh supplies of special types and top grades of materials, obtainable only from foreign sources. And stocks built up while it was still feasible are getting low.

In other cases, notably builders' glass products, the war has drastically re-channelled the flow of supply; deliveries formerly made largely from producers abroad now come almost entirely from British sources.

Foreign Glass Cut Off

Before the war, substantial shipments of plate glass, sheet glass for windows, and other builders' glass, came into Canada from Belgium, France, Germany, Czecho-Slovakia, and Japan, as well as from England and the United States. These types of glass have never been produced in Canada, though cutting and processing has always been done here and an attempt is now being made by two Belgians to launch sheet glass production in Montreal.

Since early in the war, no glass has come from foreign sources. Wartime duties and other factors have resulted in virtual withdrawal from the Canadian market of U. S. producers, except for limited shipments to meet special requirements. Canadian supplies of basic glass now come entirely from England, chiefly from the famous firm of Pilkington Bros., and stocks on hand of all types are reported more than adequate to meet demand for building for some time.

Marble Imports Stopped

Marble is another building material that formerly came extensively from sources abroad, the chief exporters being Italy, Belgium, France and Spain. Italian marbles particularly have always been favored for their range of colors, standards of hardness and other qualities. They are used for decorative facing and trim, and for flooring, Italian travertine being widely used for floors. Marble chips from abroad have been used for years in compounding aggregates for terrazzo floors.

Canadian marble supply firms still have imported stocks on hand that were accumulated before shipments were suspended, but the supply is dwindling. Fortunately there are various sources of marbles and marble chips available in both Canada and the United States, though in some cases the wearing quality and color range are not rated as high as those of imported products. Marbles from the U. S. cost more because of duties and exchange costs, and their importation is officially discouraged.

Basic Supplies Adequate

Most of the staple building materials are produced in Canada, such as bricks, cement, builders' lumber, structural and reinforcing steel, roofing and flooring materials, insulation, builders' hardware, paints, and plumbing and heating requisites. No real shortage problem has arisen from cutting off of supplies, except on a temporary basis, in regard to any of these.

In some cases the supply has been restricted or deliveries delayed by war factors or the prior demands for materials for Canada's war supply effort. Paint makers, for instance, have encountered difficulties in obtaining certain ingredients such as essential oils and pigments coming from abroad, and getting aluminum for compounding aluminum paint. However, they are continuing to produce a wide range of paints for building purposes.

Supply of certain hardwoods and veneers from abroad has been shut off, and some types of domestic lumber are hard to get because of the demands of the war building programme. But wood for virtually all the main building requirements is still readily available.

The priorities applied to iron, steel and other metal products for war production have created problems for manufacturers of plumbing and heating products, metal windows, galvanized sheets, and steel units for structural purposes. However, the threat of shortage or seriously slowed deliveries has been considerably abated by the new licensing system to restrict erection of industrial and commercial buildings not required for war purposes.

The shutting off or restriction of special types of natural materials has given fresh impetus to use of synthetic and substitute materials. Lack of imported veneers and special woods has turned builders to laminated plywood from B. C. for floors and special trims. Plastics are being used more widely for lighting fixtures, and for items of builders hardware requiring metals of which the supply is limited.

Reach Agreement On Salmon Deal

From Our Own Correspondent

VANCOUVER. — After several weeks of delay which for a time were feared to be extremely costly, salmon packers and fishermen have reached an agreement on terms for handling the 1941 salmon pack, most of which will go to the United Kingdom.

Gillnet fishermen and seine boats are now operating in all sections of the coast, and the catch is described as favorable.

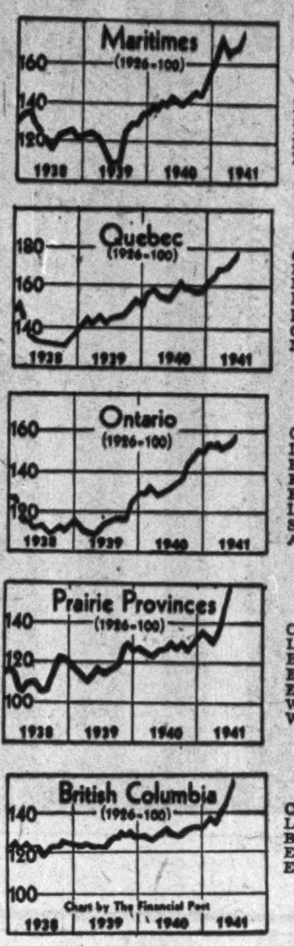
British Columbia hopes to be able to ship 1.2 million cases to the United Kingdom.

A separate deal for 35,000 tons of canned herring is now being negotiated.

Canadian Business Gains Are Well Distributed

All economic areas of Canada showed strong gains in business activity in June, with most notable advances in the Prairie Provinces, British Columbia and the Maritimes.

Construction continued a big factor especially in the Prairies, Quebec and the Maritimes. Recent gains have been general, however, as indicated by the strong advance in employment and output of electric power over the same month a year ago.



	June 1941	% Change June 1940	May 1941
Maritimes:			
Constr. contr. .... $	2,633,000	+109.5	2,?01,000
Life ins. sales.. $000	2,453	+15.3	2,560
Bank debits $000,000	95.6	+54.4	75.9
Elec. pwr. kw.h.000	2,577	+1.5	2,533
Employment*	136.5	+21.0	135.6
Index	175.8	+26.4	167.5
Quebec:			
Constr. contr. .... $	64,436,000	+194.4	11,840,0000
Life ins. sales .. $000	9,167	+15.9	9,518
Bank debits $000,000	1,174	+57.6	924
Elec. pwr. kw.h.000	31,006	+38.1	29,486
Employment*	146.8	+28.9	143.1
Cotton consump., lb.	15,915,739	+2.5	16,502,650
Newsprint prod. tons	273,697	—13.2	284,767
Index	177.7	+13.6	172.2
Ontario:			
Constr contr. .... $	14,504,000	+34.0	22,074,000
Life ins. sales.. $000	15,226	+24.1	16,310
Bank debits $000,000	2,046	+63.3	1,649
Elec. pwr. kw.h.000	27,196	+8.6	27,344
Employment*	156.4	+29.3	152.0
Livestock slaughter.*	157.0	+2.1	143.1
Steel prod. .... tons	187,163	+10.4	206,110
Auto. prod .... no.	25,753	+43.6	26,585
Index	158.8	+19.3	154.3
Prairie Provinces:			
Constr. contr. ... $	2,727,000	—25.6	2,484,000
Life ins. sales.. $000	4,565	+23.5	4,884
Bank debits $000,000	650	+42.9	633
Elec. pwr. kw.h.000	5,235	+9.9	5,272
Employment*	124.1	+23.9	116.7
Wheat receipts . bu.	33,428,000	+156.3	32,343,000
Wheat prices**	77	+66	76
Index	160.1	+24.9	149.6
British Columbia:			
Constr. contr. .... $	1,448,000	—1.2	2,496,000
Life ins. sales. .$000	1,908	—14.7	2,398
Bank debits $000,000	275.3	+65.8	183.2
Elec. pwr. kw.h.000	6,224	+11.0	6,525
Employment*	132.7	+23.8	129.4
Index	159.1	+20.7	144.1

*1926 equals 100. Employment figures apply to first of preceding month.

**Cents per bushel.

Better Convoys Aid Lumbering At Pacific

From Our Own Correspondent

VANCOUVER. — Apparently due to a greatly improved convoy system across the Atlantic, the United Kingdom has resumed her place among the foremost customers of British Columbia's lumber industry.

Early last spring there were indications that the mounting ship losses and various bottlenecks in delivery combined with greatly increased home production of lumber, would make the United Kingdom a relatively unimportant buyer this year. Exports dwindled from an average of around 100 million feet monthly to about one quarter that amount.

But the British timber control ordered resumption of rail shipments across the continent in volume in June. This month will see about 55 million feet shipped to the U. K., and a similar amount will move in August and September.

The business is welcome to west coast sawmills but not so necessary as it used to be a year or so ago when Britain was the only really dependable market. Today, the demands of the domestic and United States markets are such as to force all mills to operate at full pressure. The only major problem of the industry today is rail transportation. It cannot get enough cars to handle all the freight to be moved.

Burchell to Go To Newfoundland

Recognition of the new strategic importance of Newfoundland is seen in appointment of Charles J. Burchell, High Commissioner to Australia, to the post of High Commissioner to Newfoundland.

It is denied in London, however, the appointment signifies restoration of Dominion status to the Colony, despite the fact High Commissioners are usually accredited only to autonomous members of the Commonwealth. Representative government was suspended in the Island in 1933.

Canadian interest in Newfoundland has grown since outbreak of war, particularly in the military sphere, necessitating official Canadian representation there.

WHISKY EXPORTS UP

Canada's exports of whisky to the United States in the first four months of this year amounted to 633,981 gallons, a gain of 18.2% from the 536,286 gallons shipped in the corresponding part of 1940.

The Week in Business

Current business steady to easier according to Weekly Index of Dominion Bureau of Statistics.

Railroad activity continues growth, with weekly carloadings up 10% for week, 14% for year to date, gross earning gains both lines on even larger scale.

Iron and steel production for June substantially above same month year ago and total for first six months up 14 and 20% respectively.

Automobile buying—Financing of used cars shows big jump in June but that of new falls off slightly. For year to date both groups higher.

Flour exports in June make huge gain.

Electric power output eases slightly last month but cumulative *for first half of* current year still more than 5% above same period *in 1940.*

***Trend of* business** is indicated by The Financial Post Business Index and by the following key factors, new items for the week being marked thus: ▪

TREND OF BUSINESS—	July 19	July 12	July 5	June 28	July 20/40
Weekly index of business, D.B.S.	112.2	112.9	113.0	113.7	102.7
Commodity prices index no.	91.2	90.6	90.3	90.4	82.0
	June	May	Apr.	Mar.	Year Ago
The Financial Post business index	°156.6	150.3	147.9	150.7	141.7
National Income, D.B.S.•	....	438.8	432.4	413.3	403.0
Retail sales index no.	....	134.5	135.3	129.3	113.7
▪Dept. stores sales index no.	123.3	129.4	133.4	124.9	106.5
Wholesale sales index no.	....	147.9	141.7	125.1	136.3
Country store (% change pr. yr.)	....	+8.8	+13.3	+5.5	+8.5
COST OF LIVING—					
D.B.S. index	110.5	109.4	108.6	108.2	104.9
Family weekly budget	....	$18.30	$18.23	$18.16	$17.85
EMPLOYMENT INDEX Nos., D.B.S.	May 1	Apr. 1	Mar. 1	Feb. 1	Year Ago
All industries	....	141.3	135.3	135.2	111.9
Manufacturing	....	158.2	150.8	147.4	123.4
			Jan. 1 to date		%
RAILWAYS	1941	1940	1941	1940	Change
▪Carloadings (week July 19)	62,867	57,125	1,680,673	1,466,203	+14.6
▪C.N.R. gross (week July 21) $	5,845,216	4,907,208	158,521,668	128,809,256	+23.0
▪C.P.R. gross (week July 21) $	4,430,000	3,408,000	112,472,000	85,336,000	+31.8
C.N.R. net revenue (June) $	6,828,443	5,561,206	32,108,211	16,200,082	+98.2
▪C.P.R. net revenue (June) $	4,068,304	2,923,054	19,919,694	12,636,006	+57.6
IRON AND STEEL—(June)					
▪Pig iron production (tons)	112,313	88,656	625,551	549,627	+13.8
▪Steel ingots and castings prod. .... (tons)	187,163	166,213	1,148,435	958,240	+19.8
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (May)	10,170	16,646	49,979	57,098	—12.5
Factory output ... (June)	8,538	8,739	65,199	72,179	—9.6
Trucks and Buses:					
Domestic sales* .. (May)	4,323	3,961	17,209	13,947	+23.4
Factory output ... (June)	17,215	9,191	87,672	38,767	+126.3
Financing:					
▪Used .... (June) $	5,911,251	4,860,525	28,677,863	21,402,739	+34.0
▪New .... (June) $	3,764,209	3,979,592	22,670,186	19,611,966	+15.6
CONSTRUCTION—					
Contracts awarded . (June) $	85,747,500	39,097,000	215,466,600	125,435,500	+71.7
Cement prod., bbls. (Apr.)	569,000	420,000	1,531,746	1,066,862	+43.6
AGRICULTURE—					
Flour prod., bbls. .. (May)	2,121,397	1,282,906	7,898,523	6,397,334	+23.4
▪Flour exp., bbls. .. (June)	1,750,924	509,308	5,462,140	3,752,006	+45.5
▪Wheat exp., bush. .. (June)	23,113,604	13,570,107	99,021,326	67,702,282	+46.2
Cattle sales▴ .... (June)	82,866	72,661	476,488	449,560	+5.9
Hog sales▴ .... (June)	401,232	324,187	3,011,409	2,323,432	+29.6
SEA FISHERIES—‡					
▪Catch, cwts. .... (June)	1,044,000	814,000	3,645,800	4,829,500	—24.5
▪Landed value ...... (June) $	2,823,100	1,754,300	7,344,330	6,316,200	+19.4
NEWSPRINT—					
Production, tons ... (June)	273,697	315,343	1,621,134	1,641,987	—1.3
▪Exports .... (June) $	15,168,000	12,688,000	71,657,357	66,078,845	+8.4
MINING AND OILS—					
Coal prod., tons ... (May)	1,198,255	1,267,687	7,233,211	7,104,896	+1.8
Coal import, tons ... (May)	1,309,690	2,372,411	3,567,819	4,313,023	—17.2
Gold rec., fine oz. . (June)	405,631	422,257	2,539,879	2,435,293	+4.2
Crude oil imp., gals.† (May)	199,517	147,775	460,563	393,344	+17.1
ELECTRIC POWER OUTPUT—(June)—					
▪Total monthly, 1,000 kw.h.'s	2,560,060	2,578,883	15,732,385	14,968,503	+5.1
FOREIGN TRADE—•					
Imports .... (May)	128,095,970	100,536,837	530,360,701	405,395,950	+30.8
Exports .... (June)	146,851,211	111,621,656	719,419,154	553,711,029	+29.9
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (June)	169,316	246,477	951,368	986,305	—3.5
Shoes, prod., pr. .... (May)	2,843,157	2,192,983	12,175,597	10,974,957	+11.0
Cotton consump., lb. (June)	15,915,739	15,378,128	98,620,217	96,600,255	+2.0
Raw rubber imp., lb. (May)	12,536,317	6,961,021	49,437,563	38,651,615	+27.9
Cigarette cons. No.† (June)	665,120	571,268	3,808,680	3,696,388	+3.0
Sugar manufactured . lb.§	102,412,562	107,509,859	365,993,288	383,849,627	—4.6
FINANCE—					
Bank debits† .... (May) $	3,265,872	3,330,595	14,569,469	14,320,105	+1.7
Bond sales† .... (June) $	40,100	40,851	473,434	1,138,868	—38.4
Life insurance sales (June) $	33,670,000	28,530,000	198,766,000	188,368,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Preliminary.
▴Total at yards and plants.
New items for week marked ▪
†000's omitted. §For four weeks to June 14. *Gold excluded.
•Millions of dollars.

Residence Building Upturn Forecast by Minister

Continued upturn in residential building, contrary to fears earlier in the war that this type of construction would fall off seriously, is forecast by Hon. James A. MacKinnon, Minister of Trade & Commerce. He makes the prediction in a survey of the effect of war on construction in the recent engineering progress number of Engineering & Contract Record.

Noting that residential construction showed a gain of nearly 40% over last year in the first half of 1941. Mr. MacKinnon looks for acceleration in this type of building to keep pace with wartime expansion of industry and concentrations of the armed forces. The demand for dwellings should result, he says, n further increase in house construction during the rest of the year.

Field For Private Capital

The Minister feels the increased demand for housing, especially in sections where accommodation is lacking or inadequate, can be met only partly by Government housing projects. These are being concentrated, he points out, in areas where war production or military operations will likely cease at the end of the war, leaving a considerable field free for private capital to meet the demand.

Mr. MacKinnon pays tribute to the construction industry for the important job it has done to aid Canada's war effort, in building war plants, structures and landing fields for the Air Training Plan, and a wide variety of structures for the armed forces. He observes that while the fortunes of the industry depend largely on the extent of Canada's war activity, the war effort depends on the industry to a large degree.

War plant and Air Training Plan construction will likely taper off to some extent from now on, the Minister expects, but he foresees a continued tendency for British industries to establish plants in Canada.

20% Movie Ticket Tax Hits Independents the Hardest

Motion picture exhibitors across Canada are feeling the effects of the 20% excise tax on box office receipts in inverse ratio to the size and number of military camps and war industries located in their neighborhood, The Financial Post is informed.

Hardest hit are the exhibitors in rural areas, mining camps, and other centres where enlistment has been heavy and war enterprises few. British Columbia and the Prairie Provinces are generally lower than central Canada and the Maritimes, where one or two centres report theatre attendance has gained despite the price increase. In the cities, attendance has held up better in the downtown shows than in the neighborhood theatres, although the decline was general just after the tax went into effect May 19.

Famous Spreads Loss

Largest single exhibitor, Famous Players Canadian Corp. has been insulated from the effects of the tax to some extent by the ability to balance poor receipts in one section against better results in others. Several theatres have been added to the Famous Players circuit and a number removed, with the result that the number of theatres operated is about the same as at the end of 1940—about 330, or nearly a third of the Canadian total.

End of the "block-booking" system in August will apply to the Canadian as well as the U. S. film trade. Under the new system, exhibitors will have wider choice of films to be shown, bookings being arranged in blocks of five after a viewing by the exhibitors, compared with former booking of 40 to 50 films, taken sight unseen.

The withdrawal of N. L. Nathanson as president of Famous Players Canadian has not yet resulted in any great intensification of competition. The Odeon circuit has grown to around 60 theatres by leasings and association with other circuits, but this represents a concentration of competing units, rather than additional competition. Mr. Nathanson's connection with the distribution of M. G. M. films ended with his resignation from Famous Players and the Paramount connection. Mr. Paul Nathanson retains his connection with Empire-Universal and the distribution of Universal films.

New Building

Major construction works recently initiated by contract awards of the Dept. of Munitions and Supply include:

Repair depot, Scoudouc, N.B., wood construction, $118,000.

Initial training school, Edmonton, wood construction, $50,000.

Unit at R.C.A.F. station in British Columbia, wood constuction, $80,000.

Reported by Engineering & Contract Record:

Davie Shipbuilding & Repairing Co. plans $125,000 programme of renovation and extension of dock accommodation at Lauzon, Que.

S. S. Kresge Co. has work under way for construction of $160,000 store in Quebec City.

Union Gas Co. has had plans drawn for $1 million plant at Sarnia, Ont., to utilize still gas from Imperial Oil refinery.

Aluminum Co. of Canada has work in progress on construction of $1 million power transmission line from Beauharnois to Arvida, Que.

Dominion Textile Co. has work in progress on $75,000 addition to plant at Montmorency Falls, Que.

University of Montreal has made a new contract covering completion of its $1 million building development on the lower slopes of the north side of Mount Royal.

Dept. of Munitions and Supply is extending for shop buliding of the C.N.R. at Quebec, at approximate cost of $500,000.

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Major Source of U. S. Dollars Makes Gains

Canada Supplies Most of Democratic World's Pulp and Paper Needs

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL.—Entering the second half of the year, indications are Canada's pulp and paper industry will produce a greater dollar revenue in 1941 than was the case in 1940. Of even more importance the export trade of the industry will bring in a greater number of U. S. dollars than it did last year.

This showing, on the surface, is no better than a score or more of other Canadian industries. But the record of the pulp and paper industry calls for comment inasmuch as the selling value of the principal item of production—newsprint—has remained unchanged since before the war, whereas higher values have been obtained for most other products.

Serve Bigger Field

Since the beginning of this year, the Canadian industry has been called upon to meet all or a large share of the pulp and paper needs in the democratic countries of the world.

The disruption of world trade due to the war has severed trading relations between Scandinavia and many countries which have relied upon that source for pulp and paper supplies.

Over the past year exports of Canadian newsprint, insulating board, pulp, kraft paper, fine papers, etc., have greatly increased, especially to countries like British South Africa, British India, Egypt, China, East Indies, Argentine, Mexico, Brazil, Colombia, Chile, etc. In many cases, Canada is now the only source of supply for these products.

The widening of the trading area, the difficulties of shipping and the maintenance of regular supplies has created innumerable problems for pulp and paper manufacturers in this country, but it is to the credit of the industry that supplies have been made available in every instance.

Newsprint Holds Up

During the first half of the year the newsprint division produced 1,621,134 tons of paper. This was about 20,000 tons less than in the like period last year.

Shipments followed much the same trend as production, totalling 1,607,607 tons, as against 1,630,920 tons in the first half of 1940.

More U.S. Dollars

Viewed from the angle of dollar revenue, mainly U.S. dollars, the past half year was more successful. While over-all shipments dropped around 23,000 tons, there was a decline of 80,000 tons in overseas trade. Most of this business is paid for in sterling, of which Canada has all she needs at the moment.

On the other hand deliveries to American publishers and payable in U. S. funds increased, amounting to 1,290,339 tons, as against 1,239,755 tons in the first six months of 1940.

In Canadian dollar revenue the newsprint division produced more revenue in the past half year than it did in 1940.

Smaller Output Indicated

At this time prospects are the newsprint division will produce around 3.3 million tons this year, or about 120,000 tons less than in 1940.

This indicates a somewhat smaller ratio of operations for the mills during the balance of the year.

Exports to overseas countries are expected to show further restriction, particularly to Empire markets. Then, too, difficulties of exchange and shipping are expected to have a bearing on deliveries to markets other than the United States.

More to States

American demand between now and the close of the year should hold up, possibly will show a moderate increase over the like period of last year.

While there is increasing competition from Newfoundland mills in the U. S. market, still Canadian operators are expected to hold their position.

On balance prospects for 1941 are that while production may drop off 120,000 tons, the decline will be solely in the overseas markets which are not of so much concern in respect to American dollar revenue.

Deliveries in the United States should show a small increase—probably around 3%, so that, taking into consideration the premium on these shipments, Canadian dollar revenue to the newsprint mills this year should be slightly greater than it was in 1940.

Good Pulp Demand

Other branches of the pulp and paper industry are even more active than the newsprint division.

Particularly is this the case with pulp. Elimination of the Scandinavian mills from the American market has opened up a rich and profitable market for Canadian pulp producers. A similar state of affairs has arisen in the English market, so that Canada has become the principal source of imports of pulp for both the United States and the United Kingdom.

Producers of chemical pulp have been going all out to meet the demand. Every ton that can be produced has a buyer.

Meet British Needs

The Canadian industry has taken unto itself the responsibility of meeting British market requirements. This has involved an elaborate programme of co-operation between the English buyers and Canadian pulp-makers. To date it has been most highly successful and all British market requirements (on a rationed basis, of course) have been met.

Pulp shipments to the United States have been especially heavy for some time past and are expected to continue at a high level for the duration. All grades of chemical pulp are in demand. During the past half year exports to the States have been running between 70,000 and 80,000 a month, with about 80% sulphite and sulphate grades.

High Mark in 1940

Last year the pulp division in Canada produced 4,887,000 tons, an increase of 20.4% over 1939. This was the second largest output in the history of the industry. This year may see a new all-time record established.

Canada supplied 828,306 tons of pulp to the United States last year and this year will likely ship closer to one million tons.

Heavy Sales of Board

Insulating board shipments have been of record proportions. There has been an extraordinarily heavy demand for this product not only in the domestic market, but in Britain. It is used extensively in the defense building programme and has been of inestimable use in making temporary repairs following air raids in Britain.

There is no indication of any material falling off in demand for board during the balance of the year. Requirements both in Britain and Canada continue heavy.

Other Branches Heavy

In the kraft and fine paper field, operations continue at a high level. Export shipments of kraft and fine paper, to a lesser extent, have been greater substantially under wartime conditions than they were previously. Domestic requirements also have jumped appreciably, with the result paper makers doing well.

Taking the pulp and paper situation as a whole, indications are production this year will have an aggregate value of better than $300 millions.

Of this sum, around $250 millions will represent exports, while the number of U. S. dollars accruing to Canada's war chest from this trade will be in the neighborhood of $190 millions to $200 millions.

Canada's newsprint industry is primarily dependent on markets outside of the country. Moreover, this can be further restricted and the claim made that this industry depends on the United States publisher. In 1941 it is estimated that $250 millions of foreign exchange will be provided by this industry.

Pulp and Paper Exports Prove Mighty Factor In the War Effort

This year the value of Canada's pulp and paper exports will aggregate around $250 millions. This exceeds the returns of any other Canadian industry.

What this trade means to the Dominion and her war effort can be summarized as follows:

1. Pulp and paper exports contribute more than any other product to Canada's favorable balance of trade.

2. Nearly $200 millions of U. S. funds will come to the Dominion this year from sale of pulp and paper products.

3. The dollar value of the annual exports of the industry is sufficient each year to outfit completely 2½ armored divisions.

4. It is enough to build 122 ocean-going freighters of 9,300 deadweight tonnage capacity.

5. From export sales, revenue received each year by the industry would purchase 2,000 bombers.

6. In any five-week period exports of pulp and paper from Canada produce enough revenue to pay for the complete cruiser tank construction programme which the Dominion Government has underway.

7. The pulp and paper industry brings to Canada each year more U. S. dollars than the tourist industry.

8. It takes $115 to equip a soldier with complete kit and rifle. The pulp and paper industry from its exports alone could equip an army of 1,760,000 with the new wealth brought into the country this year.

9. Since the beginning of the war the Canadian and British Governments have advanced nearly $500 millions for expansion of Canada's wartime industry. The value of pulp and paper exports alone during this period was little short of that figure; over-all production was greater.

10. Canada imports much of her crude oil from the United States. If it were all imported from the States, the pulp and paper industry could supply enough American dollars from this year's export trade to pay all purchases for four years.

Paper Shortage Seen by OPM

United States Supply Analyzed — Newsprint Supplies Adequate

From Our Own Correspondent

MONTREAL.—Shortage of most types of papers as a result of the war and the defense programme is predicted by the United States Office of Production Management.

The American industry is now nominating representatives to meet and advise with OPM on pulp and paper problems. Three 12-member committees are being set up, one for producers, one for box manufacturers, tissues and other converted pulp products, and one for the graphic arts industry representing the publishing industry.

Representatives from each of these three groups will be chosen to make up the industry advisory committee for the entire industry.

The OPM says newsprint supplies may be curtailed by transportation difficulties, although Canadian production is less than capacity.

(A recent survey of the Newsprint Association of Canada and American Newspaper Publishers Association brought out the fact that while there might be a temporary car shortage late this fall, there was nothing in the situation to suggest any shortage for the American publishers.)

A shortage in book, writing and some other types of paper is expected.

Paper consumptions in the United States reached a peak of 16.3 million tons in 1940, the OPM reports, with a demand for 18.5 million tons in prospect for this year.

St. Maurice Power Bonds Approved

Issue of Second Mortgage Bonds Goes to Shawinigan

From Our Own Correspondent

MONTREAL.—St. Maurice Power Corp has made application to the Public Service Board of Quebec for permission to issue 15-year 5% second mortgage sinking fund bonds to a principal amount not exceeding $4.5 millions for the purpose of refunding unsecured indebtedness now outstanding.

Under the terms of its agreement with St. Maurice Power, Shawinigan Water & Power Co. was under obligation to advance additional funds to complete the LaTuque development. Such advances amounted to $3,471,266 at the end of 1940 and were expected ultimately to reach about $4.5 millions.

"As provided in the agreement," according to James Wilson, president of Shawinigan, "these advances, with any interest unpaid, will be funded not later than July 1, 1946, by the issue of general mortgage bonds or preferred shares of the St. Maurice Power Corp."

No public issue will be involved in connection with the creation of the new general mortgage bonds by the St. Maurice Power Corp., as the bonds will be delivered to Shawinigan.

Crown Zellerbach Profits Show Gain

Crown Zellerbach Corp. and subsidiaries, one of the largest pulp and paper operators on the west coast, reports a net profit of $8,866,287 in the fiscal year ended Apr. 30, 1941. This was after income and excess profits taxes and was equal to $2.75 a share on the common. In the year previous the company earned $2.42 a share on the common stock.

M. & O. Paper Earns 36c a Sh.

Earnings in June Quarter More Than in Entire First Half This Year

Minnesota & Ontario Paper Co. reports net income after provision for interest on the new income mortgage bonds, of $504,190 in the three months ended June 30, 1941. This is more than the company earned in the first six months.

For the first six months this year net income, after bond interest and taxes, is equivalent to about 36 cents a share on the 1,344,544 common shares now outstanding following the recent reorganization. No exact comparison with results for the first half of 1940 can be made because of the capital changes. Net earnings, before any deductions for bond interest or income tax, for the 1940 period amounted to $1.1 million. This compares with $1.2 million this year.

R. H. M. Robinson, president, reports the power situation at International Falls and Fort Frances much improved by heavy rains in late May and June and may be considered normal. The company has fully satisfied sinking fund payments for 1940 on its income mortgage bonds. Following successful sale of the company's Finnish interests, efforts are being made to dispose of other foreign sales subsidiaries.

Consolidated Earnings
Six Months Ended June 30

	1941	1940
	$	$
Net sales	9,573,528	8,395,502
Less: Cost of sales ...	7,728,040	6,326,541
Sell., admin. & gen.	821,153	948,173
Net income	1,024,335	1,120,788
Add: Other inc. (net)	204,832	11,909
Less: Tax prov. (est.)	445,900	81,818
Net earnings	783,267	1,026,961
Less: Inc. bond int. ..	293,096	
Net profit	490,171	

Maclaren Bond Plan Advanced

From Our Own Correspondent

MONTREAL. — Authority given Maclaren-Quebec Power Co. by Quebec's Public Service Board to issue $2 millions of 4% first mortgage sinking fund bonds series A on or before May 1, 1941, has been extended for a further period of 90 days.

In view of the anticipated increase in demand for power, the company secured a loan from the Bank of Nova Scotia for $2 millions for the purpose of constructing additional storage work on the Lievre River. This work involves an outlay of around $1.5 million and an additional water storage will increase the flow of water to the power plant at Masson.

The $2 millions of 4% first mortgage bonds were put up with the Bank of Nova Scotia as collateral for the loan.

Originally it had been the intention of the company to sell the bonds publicly and with the proceeds pay off the bank loan. However, the company has been unable to complete full arrangements for complying with the original order issued by the Board through causes beyond its control, and the Board has now granted an extension of time for completion of the deal.

Consolidated Paper Loses Pembroke Mill

MONTREAL.—Consolidated Paper Corp.'s sawmill at Pembroke, together with a large quantity of lumber, has been destroyed by fire. Damage is estimated at from $300,000 to $350,000. These figures are tentative pending a check-up.

The west half of the company's yard was burned over along with the plant and between 2.5 million and 3.5 million ft. of lumber were destroyed.

THE TALENT OF SILVER
AND
THE FORESTS OF CANADA

The million and a quarter square miles of forests in Canada (800 million acres) are a vast source of wealth — BUT they are potential wealth only. Like the talent of silver which the "slothful servant" buried in the ground, they are of small value unless they are used. The pulp and paper industry is a means of converting the forests into actual wealth.

A National Asset We Must Use Wisely

This industry has vital importance in Canadian economy. In peace or at war, its operations affect every Canadian citizen:

- Its exports, running currently at nearly a quarter of a billion dollars a year, are our biggest single trade factor, bigger than mined gold or wheat or nickel.
- It uses 40 to 50 percent of all industrial electric power consumed in Canada; leads all Canadian manufacturing industries in net value of production; is a major customer of our railways, steamship lines, farms, mines and heavy machine industries.
- It employs over 100,000 men. With their families and with workers in auxiliary industries, it is the direct livelihood of well over half a million Canadians.

Every Canadian thus has a stake in pulp and paper; every Canadian is concerned in policies by which this industry can be healthy and strong. Unlike resources which are static and become exhausted by use, the forests are living and growing. Each year trees reach their maximum age of value and die if not used. Each year produces a crop. "The wise use of the axe and saw results in increased growth; a virgin forest is likely to be a stagnant forest."

Conservation for Continuous Use

True conservation of the forest for production of wealth means its active use by the industry. It also means a constant battle against many enemies: fire, fungus, insect and pest. The pulp and paper industry is in this battle; each year it spends large sums to supplement the protection policies of Governments and public organizations. The nation and the industry have identical interests in conserving the forests by continuous development and use.

THE PULP AND PAPER
INDUSTRY OF CANADA
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How Much and Why Food Costs Are Rising

The Housewife Likely to See Further Gains Though Few Actual Shortages

By GORDON L. SMITH
Staff Writer, The Financial Post

Any Canadian housewife who is still trying to stretch a pre-war family budget around the week's supply of groceries doesn't need to be told that food costs have been rising. But in nine cases out of ten, the man behind the counter declares, she puts this rise far too high and usually blames the wrong people.

Moreover she forgets that for several years before the war, she was buying certain foods at abnormally low prices, in some cases at figures actually representing a loss to the Canadian producer. Apparently the thrifty housewife, during those bargain days before the war, should have been putting aside a portion of her food allowance to meet the higher costs of the present day.

The Major Factors

Major factors in the current situation, as revealed to The Financial Post this week by outstanding food and merchandising authorities, are the following:

1. While some prices have gone up as much as 50% in the last twelve months, this is unusual and the average rise would be closer to 20%, especially for staples.

2. This rise is due almost entirely to the war, special taxes, special restrictions, higher freights and insurance costs, etc.

3. So long as wages rise, either through the form of bonuses or otherwise, food prices are expected to continue to advance, because some of these higher wages have, and will continue to be put into foods such as butter, canned goods, etc.—the demand for which has been increasing steadily since the war.

4. There is no general food shortage in Canada, nor is any expected with the exception of a few lines cut off or seriously restricted by the war, and two or three items earmarked for Britain.

5. Of recent increases reported in food store sales about 50% is due to higher prices, 50% to greater tonnage.

Price levels on many lines just before the war were abnormally low. Such items as bread, butter, tomato juice and bacon are cited in this connection. "In making a real appraisal of the situation," one authority told The Post, "we should go back much farther than 1939. We should compare prices with say an average post-war year like 1926. Many items were in the distress category in the spring and summer of 1939."

The retail price chart on this page shows the changes on a representative list of groceries and meats since the war began. In this, care has been taken to select those items which make up 75% of the volume of goods going into the average shopping basket. Advances on more than half of these have been directly due to either higher or special war taxes or war restrictions.

On all foods imported from non-Empire countries there is a special war import tax of 10%, and usually, as well, an extra bill for foreign exchange. This hit that portion of our coffee imported from Brazil, and dried and fresh fruits from the United States. On tea, sugar and coffee, there have been new additional taxes, 1 cent a lb. upon sugar, 10 cents a lb. on the beverages. Before the war, practically all food products were exempt from the 8% sales tax.

In last spring's budget most of this exemption was removed. Practically all the packaged foods, like breakfast cereals now, must pay this tax. On flour there is a special processing tax.

War Restrictions

But imposition of new taxes is only one official interference with food costs. Another has been adoption of a compulsory minimum price as with butter. Still another is the arbitrary diversion of Canadian produced foods to Great Britain. This has affected such important items in the family menu as breakfast bacon, eggs, and cheese. All are wanted for Britain in huge quantities and the authorities have announced that Britain's wants in these lines are going to come first.

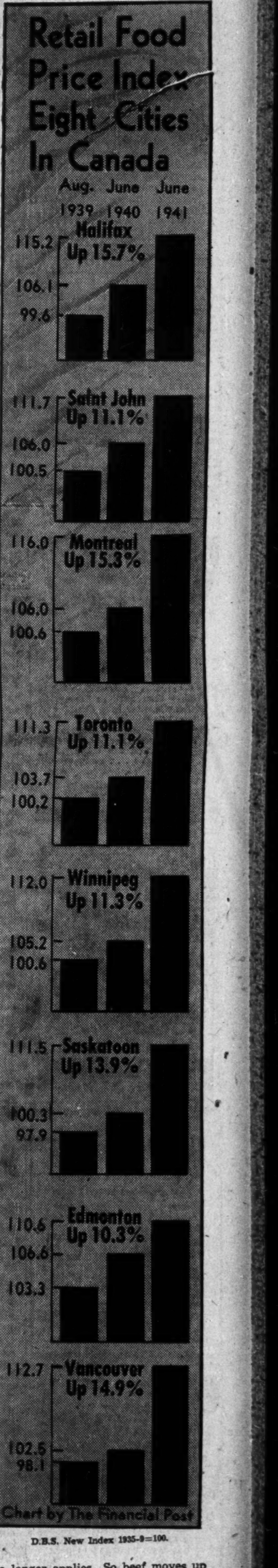
In cheese, for instance, the Canadian Government has made an advance sale of 112 million pounds to Great Britain for the current year. Normally Canada does not produce a great deal more cheese than that. In 1939 total production was only 122 million pounds and last year because of the special demand by Britain and due to good pastures last summer and fall we were able to step it up to 140 millions. This season the export price has been raised but pastures in eastern Ontario and western Quebec, in which area at least three quarters of our cheese is produced, have been exceptionally bad. For at least two months right in the middle of the season there was no rain. It does not take a mathematician to know what is going to happen.

At least 80% of our total production of cheese and probably a good deal more is firmly earmarked for Britain; in fact buying for the domestic trade has been forbidden until Britain's quota is assured. If there is any left, Canadian consumers will get it; if not they will have to get along as best they can on the dwindling supply of old stocks.

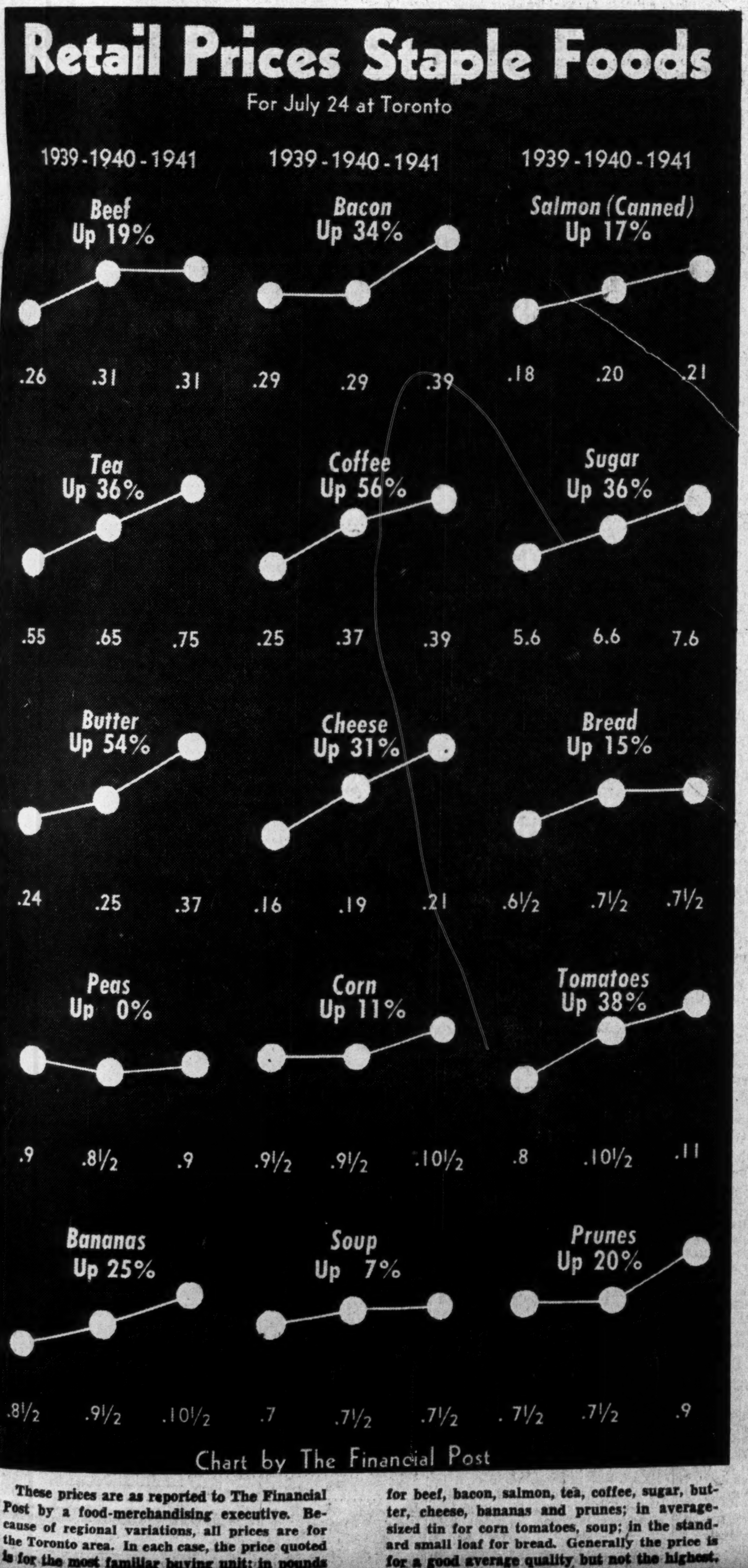
Canned salmon is in exactly the same category. This year we have agreed to supply Great Britain with about 80% of our total production. Canadian consumers must get along with about one third their normal requirements.

Talburt in N. Y. World-Telegram

Last war wholesale food prices soared over 150%.



D.B.S. New Index 1935-9=100.



These prices are as reported to The Financial Post by a food-merchandising executive. Because of regional variations, all prices are for the Toronto area. In each case, the price quoted is for the most familiar buying unit; in pounds for beef, bacon, salmon, tea, coffee, sugar, butter, cheese, bananas and prunes; in average-sized tin for corn tomatoes, soup; in the standard small loaf for bread. Generally the price is for a good average quality, but not the highest.

Same for Bacon, Eggs

Bacon and eggs are in a similar position. In the former we have promised Britain approximately the equivalent of 70% of the total production of our big packers and at a fixed price. At times during the year this fixed price has actually represented a loss to Canadian packing companies. Due to competition of U. S. buyers they have had to pay the Canadian farmers more for their hogs than the bacon from those hogs was worth in Britain. Through special bonuses to the farmers some of those losses have been offset, but only some. The Canadian consumer has had to dig down in his pocket for the difference.

With eggs there is a rigid restriction on withdrawals from storage with the objective of building up an export supply for Britain. Normally Canada does not export eggs to Britain or anywhere else. Now we are trying to supply the Old Country with millions of cases.

The Tomato Situation

Another item which we hope to supply beleaguered Britain in substantial quantities is canned vegetables, especially tomatoes and tomato juice. But here again the country is up against an imponderable. Like all exotics the tomato plant is inclined to be temperamental in Canada. In years of warm bright weather and long open falls millions of bushels will rot in the fields. In unfavorable seasons there will not be enough to go round. As the fruit is highly perishable canneries simply cannot cope with an extra large crop, there is just so much canning machinery and during the season it runs night and day.

Last year the weather was very unfavorable and the pack was low. As a result there was a stiff rise in canned tomato and juice prices in the last 12 months, and there may be more in the months ahead. In 1939, on the other hand there was a heavy crop, a drop in export and prices were abnormally low.

Recently tea and coffee have been in the spotlight. These things normally reach Canada through the Mediterranean, the tea largely from India, the coffee from East Africa—although a portion for blending also comes from South America. Munitions and troops are still going through what Mussolini at times has claimed to be his own private lake, but there have been no convoys of tea and coffee. This must now come thousands of miles around Cape of Good Hope and only of course when ships can be spared for this semi-luxury trade. As a result the supply for North America has fluctuated widely in the last year, but recently the situation was greatly relieved and now, so the big grocers say—we have plenty in sight to do us for the next six months or so.

But prices are higher, tea up 36% over prewar, coffee 56%.

First reason is a 10 cents-a-pound special tax imposed shortly after the war began. In the case of coffee this amounted to much more than 10 cents because it applies on the imported fresh green beans, which normally shrink over 15% in the roasting. Next there was a considerable advance in price in the countries where teas and coffees are produced. Finally there was steep rise in insurance and freight rates as a result of the war, and the insurance it should be noted, applies whether the product is lying in some distant warehouse awaiting shipment or is actually on the way. And any time there is a new war scare in the far east, The Post was informed, these insurance rates will certainly reflect it.

Will Sugar Soar?

Sugar has long been a sensitive item among housewives and politicians. At one time, the prosperity of a people was measured in the sugar they consumed. Canadians use about 1.2 billion pounds of sugar a year, and grow on Canadian farms in the form of sugar beets about 15% of our annual requirements. A large portion of our imports come from the British-owned islands of the West Indies.

In the first Great War period sugar soared, touching 26c. per pound retail, before post war adjustment started. Authorities at Ottawa, London and Washington are sitting up nights to prevent a runaway this time. About the first thing that Britain did after declaring war on Germany in September, 1939, was to buy up the whole sugar output of her West Indies, and Canada almost immediately made a deal with the Mother Country for its requirements.

Sugar has risen about a third since the war began but additional taxes and higher prices to the British producers account for most of the gain. Authorities are hopeful of keeping it within bounds and bolstering these hopes they cite these comparisons with the first great war.

1. Less dependence of Canada on foreign supplies as beet growing industry has spread to Western Canada.

2. More prompt and more rigid official control.

3. Greater world production.

4. Surplus of easily available sugar in West Indies.

And now we come to the three great staples of every Canadian table, bread, butter and beef. All of these are grown within the country and normally are in abundant supply.

In many parts of Canada bread can be purchased probably more cheaply than in any part of the world. Increase since the war in the Toronto area has been but 15% with the ordinary loaf still available at 7½ cents. With a huge surplus of wheat bulging our elevator system, the average housewife may assume that this is a natural development, but natural economics do not apply to the present wheat situation. While we have close to half a billion bushels of wheat in storage and a new crop now being harvested, there is a minimum price at which wheat can be sold.

Probably the real reason for low priced bread in most parts of Canada is the extreme competition among the bakers. That competition, The Post hears, is easing. Exceptionally heavy exports of Canadian flour has been a factor. Before this war is very much older, it is predicted bread prices in Canada will probably be higher. Flour prices it will be noted are considerably higher than pre-war, especially bread flour. But through its large wheat monopoly the Dominion Government holds strong control over both bread and flour.

The complementary product, butter, is in a different position. There is no surplus, and never has been one. Normally Canada is not an exporter, and in the last decade our total production has been usually low due to the series of droughts in Western Canada. Dairy cattle liquidated because of no feed during the years 1933-38 have only been recently replaced.

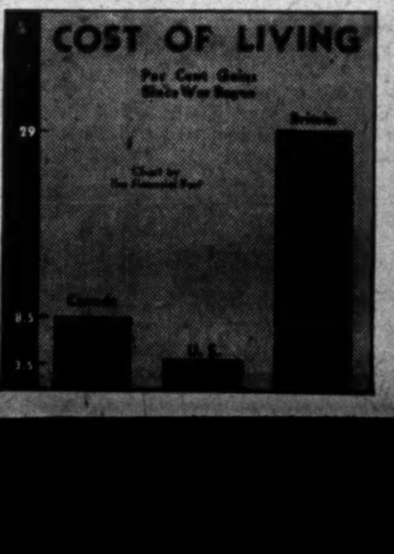
Until a few months ago there was every expectation of a substantial surplus of butter this year. But two developments have upset calculations. First the dry weather in eastern Canada and the heat wave in the West have materially affected production; secondly, Canadian consumption has been gaining steadily as more and more people get good paying jobs.

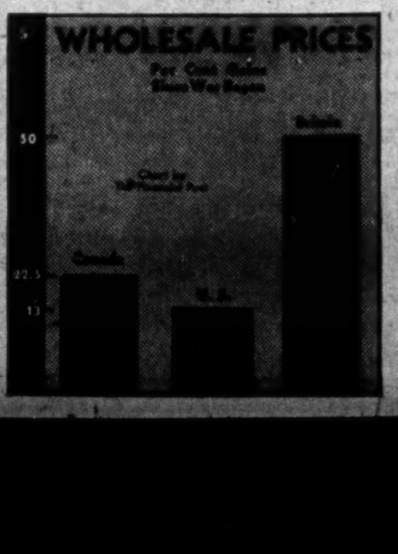
Beef and Pork Tied

Rise in beef prices in Canada since the war is attributed almost entirely to the advance of pork products. These two meats to a large extent are competitive and when one goes up consumers turn to the other. Normally this switch would bring prices of the other into line, but with Britain wanting almost all the pork products we can turn out, this check no longer applies. So beef moves up too.

Lamb or mutton prices are also affected, but this is a minor meat compared with the others. Canadians eat about 65 lb. each of pork and beef compared to 8 lb. of lamb.

With a substantial live cattle outlet in the United States, there is no great surplus of beef products in Canada. Prices of all beef products are expected to continue firm. Heavier increases in either or both cattle and hog production would ease the situation, but due to the poorer crops this year such a development can hardly be expected.





Gold Standard Made Currency Independent

Took Issue and Administration of Money Out of Control of Governments — Facilitated International Trade

One of the most important achievements claimed for the gold standard by W. Redelmeier in his book, "The Gold Standard," is that it was the first system to take the issuance and administration of money out of the hands of governments.

Other important results cited are:

It created an international currency standard and thereby removed an obstacle to international trade.

It gave needed confidence in currencies which lasted for 92 years through periods of war and depression.

Up to the 19th century, he notes, the issuance of money was, with rare exceptions, a prerogative of the crown, a sovereign or a free city. The right of minting coins belonged in the same category of rights as fixing weights and measures and assigning markets and havens.

As long as currency was largely identical with gold and silver coins, Mr. Redelmeier sees this prerogative as natural and logical. As long as sovereignty adhered to pre-agreed weight and fineness of the coins no harm could be done.

But this was not always the case.

Record of Government Control

In Mr. Redelmeier's words the record of "sovereigns" money is good, mediocre, indifferent and bad. War, misery and dynastic greed, he enumerates as causes which developed abuses by governments such as clipping coins, and depreciating money in other ways.

Under the gold standard, governments were not allowed to issue money or to borrow from the central banks against their bonds. If a government needed money it had to go before parliament which could either grant or withhold it. If parliament granted money, it had to vote taxes and collect them; if parliament refused the money, the government could not go to a submissive government bank and get the money, because central banks were given a stated measure of independence under the law.

The authority which could raise taxes, could no longer issue notes. That was one of the provisions under which the gold standard was established.

Silver Demonetized

The way it worked was like this: Under the gold standard the price relationship between gold and silver, fixed for centuries, was abandoned. The unit of currency of a country on the gold standard was defined by law as a certain part of an ounce or so many grams of gold exclusively. The central bank was obliged to buy and sell gold in unlimited amounts in exchange for its own notes on the basis of the weights fixed by law.

An indication of the point made by Mr. Redeleimer that the issuance of notes was not subject to government whim is given in the provision that the fiduciary issue of the Bank of England based on British Government bonds was fixed in 1822 at about £14 millions. This limit was gradually raised. But above the stated limit, the bank had to back its notes by gold.

Mr. Redelmeier also claims that under the gold standard, money became essentially money based on credit and the granting of credit, he declares, does not come within the scope of governing.

Free Export and Import

Under the provisions establishing the gold standard, Mr. Redelmeier notes further, no restrictions were placed on the import and export of gold, on its minting for private account or on converting the national currency into a foreign currency or vice versa whether by means of gold or otherwise.

"By these provisions the money market of a gold country was no longer a limited national one but became an unlimited international one, the exchange risks between the gold countries having been practically eliminated. The margins within which the transfer between London and Paris, etc. . . . could fluctuate were not wider than those which periodically existed between Toronto and Winnipeg or New York and Chicago. These margins were calculated beforehand—nationally they were limited to the cost of shipping the national currency from one town to another; internationally, by the cost of shipping gold, the international currency, from one country to another.

Tariffs Only Bar

"As a consequence, the international exchange of goods became, in principle, subject exclusively to national tariffs, and the international exchange of credits to the international criteria of credits. Under the gold standard, an international relationship developed whereby every nation became simultaneously a lender and a borrower. In the past, countries which could afford it, loaned money to countries which needed it. The gold standard gradually created an entirely new state of affairs — an inter-relationship based on the daily exchange of international purchasing powers, the daily outflow and inflow of money and the daily adjustments of credits between the gold countries, independent of the structures of their international balances of trade. All countries gave and all countries received. . . . Under the gold standard London became the largest lender in the international field and simultaneously the largest borrower, because every country in the world maintained sterling balances with London banks. . . . Russia, on the other hand, was the largest borrower in Europe and maintained simultaneously the largest cash balances in London, Paris and Berlin."

Efficacy of the gold standard in building confidence in a currency is indicated by Mr. Redelmeier when he says: "The resumption of gold payments under the law of 1882 was the decisive step in restoring confidence in sterling."

After Napoleonic Wars

After the Napoleonic wars Britain faced a debt of £900 millions—£200 millions more than a century later. "The Hanoverian dynasty was a costly and unpopular regime and there were many men in the City of London who still had nightmares when thinking of the billions of French assignats which they had seen go down in the abyss of the French revolution . . ."

It was under these circumstances Britain resumed gold payments.

Mr. Redelmeier proceeds:

"A currency system calls for confidence from men in all walks of life and confidence is a product of slow growth. City men, politicians, the upper middle class, analyze before they trust. But the common people in the large cities and the small towns do not analyze. They either trust or mistrust by an inborn instinct which seldom proves wrong. To them gold was a clinking metal. There was no interference of doubt. They would not have understood the kind of money backed by the achievements of labor which received its purchasing power from a special permit to buy the ration card. The power of confidence of the common man in gold cannot be overrated. Whoever destroys this confidence by propagating that gold is of no use for circulation, must realize he destroys a tremendous power.

92 Years of Stability

"The law of 1822 was passed almost inconspicuously. The 19th century . . . was not less emotional and cruel than the 18th century. The British nation had to face war . . . social disorders and riots caused by the rapid industrial progress and the slow development of social welfare . . . Yet the law of 1822 and the price of gold remained unchanged for nearly a century . . . This amazing span of 92 years of a stable gold price and stable currencies must be a constant reminder to those who cannot find the way back to the fundamental principles of the gold standard."

"The Gold Standard," by W. Redelmeier, is published by The MacLean Publishing Co., Toronto, price $1, and proceeds of its sale are being turned over to Canadian war hospitals through the Toronto War Hospitals Committee.

I WAS A NAZI FLIER

By Gottfried Leske

The revealing diary of a Flight Sergeant in the Luftwaffe, now in a Canadian internment camp, a man who bombed London . . . helped raze Coventry . . . strafed the B.E.F. at Dunkerque . . . swaggered through conquered Paris.

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Ont. Fire Agents Meet October 16

The Ontario Fire and Casualty Insurance Agents' Association will hold its annual convention in Toronto, Oct. 16-17, according to an announcement by Charles Priestman, secretary-treasurer.

It is understood one of the subjects on the agenda is discussion of a brief prepared by trustees of the urban school districts of Ontario urging the provincial government to insure urban school properties.

The Association is prepared to oppose any legislation of this kind that may be introduced at the coming session of the Legislature.

Institute to Probe Effects of War

Public Affairs Body to Canvass Impact on Ordinary Citizen

What the war has meant to the ordinary citizen, and the job it has given him to make democracy work both now and after the war, will be the principal themes of the tenth annual session of the Canadian Institute on Public Affairs. Sponsored by the national council of the Y.M.C.A., the forum will be at Geneva Park on Lake Couchiching, near Orillia, Ont., from Aug. 16 to Aug. 24 inclusive.

Special addresses and round table debates will discuss effects of war in the fields of economics, politics, agriculture and labor, and on relations between Canada, Great Britain and the United States. Other major topics to be taken up include conditions in the post-war world and how democracy can meet present and future problems.

Principal speakers slated to take part in the sessions include:

SIR NORMAN ANGELL, Nobel Peace prize-winner and author of "The Great Illusion," whose articles have appeared frequently in the past in The Financial Post.

HANS KOHN, professor of history at Smith College and formerly of Prague, Czecho-Slovakia, well-known scholar and author.

W. H. CHAMBERLIN, noted correspondent for The Christian Science Monitor, which he represented at Moscow for 12 years.

NOEL HALL, British Minister at Washington.

Hon. J. G. TAGGART, Saskatchewan Minister of Agriculture.

COL. GEORGE A. DREW, Ontario Conservative leader.

The meetings are not intended solely for experts in various fields but are open to the public, for part or all of the sessions.

Municipal Finances

Calgary, Alta: Debenture liability of the city of Calgary has been reduced by $342,913 during the first half of 1941, and the total bonded debt is now reported at $12,552,153. In the corresponding period last year bonded debt was reduced by $210,353. The bonds have been purchased for redemption by the sinking fund trustees on the open market at a discount. Sinking fund levy this year is $394,793 of which $232,718 had been paid in the first half of the year. A year ago the levy was $375,709, of which $203,172 had been paid by June 30. The city had no current bank loans outstanding at June 30, against a bank debt a year ago of $90,638. An effect of the steady reduction is shown in the interest payments in 1941 to date. A total of $299,867 has been paid this year as against $309,661 last year.

* * *

Guelph, Ont.: On Guelph's 1940 current levy of $734,099, $600,639 was collected in current taxes, while arrears collections amounted to $194,686. This left total arrears, including interest and property subject to tax sale, of $374,424 at the end of 1940. Against this amount the city has set up a reserve of $153,241 against shrinkage, leaving a balance of $221,183.

* * *

London, Ont.: Tax exempt property in the city of London amounts to $12.6 millions in the 1941 assessment. The total is an increase of $352,275 over last year, bringing the proportion of exempt property to 15%, Value of exempt property has been rising and has increased $1.6 millions in the past ten years.

* * *

WELLAND, ONT.—The city of Welland in 1940 had revenues $59,050 higher than were estimated, principally as a result of collecting $42,249 more in taxes than was expected at the time of the budget. Expenditures were $10,008 less than estimated, largest single item to decrease being relief expenditures, $9,650 less than budgeted. Surplus for the year amounted to $69,058. Tax collections in 1940 amounted to 109.8% of the current roll against 105.1% of 1939 period.

Newfoundland Sets Salt Codfish Prices

Newfoundland Salt Codfish Association has accepted Government proposals for assistance in the current year to the fishing industry.

Prices provided by the Act are as follows:

	Price Per Quintal
No. 1 Labrador semi-dry	$5.05
No. 2 Labrador semi-dry	4.75
No. 1 Labrador cure	4.75
No. 2 Labrador cure	4.50
Large and medium Madeira	6.75
Small Madeira	6.00
Large and medium merchantable	7.25
Small merchantable	6.50

Thousands of Jobs for Older Men Developing in Aircraft Overhaul

By STAFF WRITER

OTTAWA.—There is one place in the war effort where women and "older" men are much in demand.

That is in the scores of shops springing up across the country for he overhaul and repair of aircraft.

By the end of this year, it is estimated that some 12,000 persons may be required to man the aircraft repair and overhaul shops needed to keep the thousands of training and service aircraft in the air.

By the end of 1942 this number may be quadrupled. In short, as many as 50,000 persons may be needed for this huge programme.

Operators are looking mainly outside the regular channels of employment for personnel in order not to compete with the armed services by enlisting men of military age.

The appeal is therefore to veterans of the last war, to women, to older craftsmen and so-called "unemployables" to link up with one of the scores of Wartime Emergency Training schools now being operated throughout the country in co-operation with Dominion and Provincial governments.

Although it is not yet generally realized the production of spare parts and the servicing and overhaul of aircraft is due to become, during the next 18 months, one of the most important phases of Canada's war effort.

Tens of thousands of spare parts are necessary to keep aircraft in good working order. Most of them will have to be made here in Canada. As well, engines must be overhauled and repaired not only for vast and increasing air training programme but for service aircraft as well.

Already a substantial share of the new capital committment to aircraft plants has gone for overhaul facilities.

This outlay is due to rise very sharply in the future.

Insurance

Rent Policy Protects Owner of Building

Provides Indemnity for Income Lost When Property Destroyed or Damaged — Tenant Also Protected Against Expenses Entailed

Activity in business and industry in Canada due to the war has resulted in many houses, office and mercantile buildings formerly empty, now being occupied. The rent paid represents, in most cases, an important part of the total income of the owner. Consequently anything that might prevent him drawing his rents means a loss of revenue.

If the lease runs out and the owner is unable to obtain another tenant, he has no recourse. But there are many other things that can prevent him drawing his rentals against which it is possible to buy insurance.

Replaces Capital Not Income

The property may burn. Or a windstorm or explosion may wreck it so that it becomes untenable. The fire, windstorm or explosion policy may indemnify the owner for the loss of his building. It may replace the capital loss. But it makes no provision for indemnifying him for the income he loses.

The rent he was receiving from his tenant normally stops when the building is destroyed or becomes untenable, unless there are special clauses in the lease requiring the tenant to continue to pay rent whether it is fit for occupancy or not. Clauses of this kind are unusual, but sometimes they are inserted in the contract.

In the ordinary lease, however, the owner's revenue from a building ceases, when fire occurs. If he rebuilds there is a period of several months for which he will receive no further income. His capital represented by the fire insurance proceeds meanwhile is producing no revenue. But his taxes and similar charges have to be paid.

Rent insurance takes care of just such cases.

It indemnifies the owner for the rents he would have received normally under the rental contract. In policies covering larger properties, indemnity, frequently, it is understood, is available for periods up to one year. On smaller buildings, that can be restored in three or four months, it is usual to limit the coverage to a reasonable length of time to permit rebuilding. The time allowed is usually generous.

Taking the time necessary for rebuilding into consideration, policies are usually written for a stated amount, payable over the period. Thus if the rent on an insured building is $500 a month, a policy for $6,000 would be required on an annual rental basis. But, if it was estimated the building could be restored in say three months, then a policy for $1,500 would be sufficient.

An allied type of insurance is rental value insurance which can be taken out by the tenant of a building.

Destruction or damage to a building can obviously cause loss to the tenant as well as the owner of a building.

Thus if a man is carrying on manufacturing in a rented building, and it burns, his operations for the time being are suspended until the premises are restored or until he acquires other quarters. By a rental value contract, the tenant is indemnified for the expense he may be put to by having to move.

With many people finding buildings suitable for residence or business purposes getting increasingly scarce, rent and rental value insurance provide a method of ensuring both owner and tenant against loss of revenue.

Weekly Statement Bank of Canada

	July 25 1941 $	July 16 1941 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	399,405,867	401,706,720
Rest fund	3,722,910	3,722,910
Depos.: Dominion	27,873,451	39,486,902
Banks	205,544,855	205,598,079
Other	2,249,917	9,193,617
Total deposits	235,668,223	254,278,598
All other liabs.	6,602,451	13,765,455
Total liabs.	650,399,451	678,473,683
Assets		
In sterling & U. S.	539,559	208,216
Subsid. coin	640,051	592,348
Advances	2,750,0000	3,250,000
Investments:		
Dom. govt. short	500,239,569	525,835,083
Other Dom. govt.	137,641,625	134,518,108
Total invest.	637,881,194	660,353,191
Premises	1,785,162	1,784,347
All other assets	6,803,485	12,285,581
	650,399,451	678,473,683

Quebec Decision Limits Wife's Borrowing Power

According to a decision of the Court of King's Bench (Appeal Division) at Montreal recently, it is not valid in Quebec Province for a wife to borrow on an insurance policy, of which she is the beneficiary, to help her husband. In most provinces the practice has been for a husband who is insured to make a desired loan with the wife or other beneficiary participating. In Quebec, however, it has been permissible for the wife when she is a beneficiary to make the loan with the husband participating. The decision in this case appears to rest on the fact that the loan in question was really made for the husband's benefit instead of the wife's.

Policy of $50,000

The circumstances of the case were these: a man had a policy for $50,000 in favor of his wife as beneficiary. On three occasions loans totalling $21,977 were made against the policy, some of them to help pay the premiums. One of the loans for $13,000 was made by the wife on behalf of the husband. The husband died and the insurance company refused to pay the policy on the ground that the loans and accrued interest exceeded the cash value of the policy prior to the death of the husband, and that therefore the policy had lapsed. It was stated that had it not been for the loan of $13,000, there would have been enough cash value to pay the premiums and keep the policy in force.

Claimed Loan Illegal

The wife, after the husband's death, claimed the loan made to her was illegal because she could not obligate herself on behalf of her husband.

The company claimed the wife did not obligate herself by signing the loan contract and that the advance in no way violated the decision of either the Civil Code or the Insurance Act.

The Superior Court of Quebec upheld the widow's contention and gave judgment against the company. When the company appealed the Court of King's Bench confirmed the decision of the lower court and ordered the company to pay.

New Books . . . .

Norse Courage

MISSION TO THE NORTH. By Florence Jaffray Harriman. Published by Longmans, Green and Co., Toronto. Price $4.50.

Mrs. Harriman has long been one of the outstanding public figures among American women. She was active in the social work of the New York State and Federal governments, an influential Democrat and a friend of President Roosevelt. She had, she thought, finished her career and had written her autobiography. But shortly after FDR came to power he named her U. S. Minister to Norway, second woman to be so honored by that country. The first few years in Norway were pleasant ones. She learned to love the country and its people. Life in Scandinavia was pleasant, even beneath brooding European skies. Then to Mrs. Harriman, at the age of 70, came the brutal sudden invasion of Norway by the Nazi legions. In the next few months she crowded more of service, achievement and adventure into her days than she had ever packed into the previous years.

"Mission to the North" will be chiefly read for its story of Norway under fire. Actually, however, the invasion and its aftermath take up only the last quarter of the book; most of it deals with the earlier years of Mrs. Harriman's "Mission."

This is one of the five or six most informative, readable books to come out of the war. It is at once the story of the stamina of the Norwegian people, of the courage of the Royal family and government leaders of Norway, and of the devotion and resourcefulness of Mrs. Harriman herself. She was everywhere, it seemed, aiding the Government, helping stranded Americans, maintaining communications, keeping never more than one jump ahead of the German bombers and scout units sent out to destroy or capture the King, the Crown Prince and his family and governmental leaders, one by one, in a "man-hunt" unprecedented in the history even of brutish Nazi warfare.

Mrs. Harriman writes throughout with good humor. There is no bitterness in what she records; no breast-beating; no impassioned warnings. She is adept in sketching personalities and is a subtle raconteuse. She would have made a first-rate newspaper reporter or war correspondent. "Mission to the North" is an important story of our times, and eminently readable

Chiang's China

THE CHINA OF CHIANG K'AI-SHEK. By Paul M. A. Linebarger. Published by World Peace Foundation, Boston. Price: cloth $2.50, paper $1.

Mr. Linebarger, an American scholar, inherited from his father, who was a counsellor to the Chinese Government, a knowledge of China and the personal friendship of Chiang K'ai-Shek. He has written a scholarly, analytical survey of personalities, government, economic life, war and social trends

What has been happening in China is, of course, a miracle. Several groups of leaders, not always working together, have had to shoulder many enormous burdens; consolidating the revolution of 1911; fighting off Communism and other 'isms; modernizing an ancient land; trying to bind unrelated groups together; and standing off one of the world's most aggressive military powers. Any of these would have been a heavy task in itself.

Mr. Linebarger gives an excellent interpretation of recent Chinese history in respect to all of these subjects. He is frank and clear-headed and does not try to pretend that China is a democracy in our sense of the word. What is being witnessed is the emergence of a quasi-national government out of a host of bandit governments. China is not a "republic." Nor has it any great affinity of interest with the British Commonwealth, America or any other outside nation, although Chiang likes American people and their ways. China is as much in revolt against the "imperialist" powers as against the Manchus, the ancient scholar-politicians and Japan. But as she shakes off the growing pains of rising nationhood she will take her place alongside the free nations as a great power, dominating the East, but committed to world co-operation rather than to world conquest.

Mr. Linebarger's personal portrait of Chiang is a fascinating one and compels respect for the great Chinese leader and his wife.

Unfortunately the author has chosen to be much too scholarly. His volume is hard reading. One paragraph chosen quite at random contains these words, typical of the language of the book: scholastic bureaucracy, pluralistic society, articulation, pseudomorphic, exemplarization, expositors, prerogative, capricious, nonmoral, unresponsive, sanctimonious and amorphous.

Insurance Problems

Carrying Extra Gasoline

What is the position of the automobile insurance companies as regards a motorist carrying extra gasoline in a can in his automobile? I know the Oil Controller has prohibited oil companies selling gasoline by the can to private individuals. But I have several cans which I have carried full of gasoline for some years and I intend to do so until prohibited by law, or the gasoline is used for an emergency. By doing so am I invalidating my insurance?

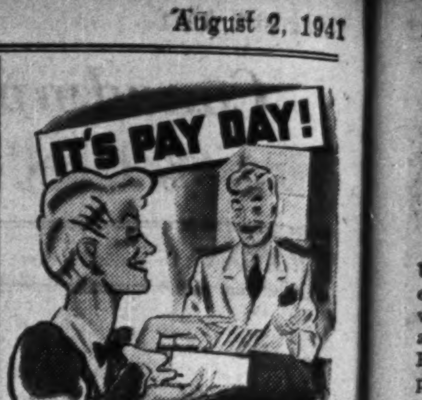
—

There is nothing in the statutory conditions of the standard automobile policy directly prohibiting you from carrying extra gasoline in your car. But there are some clauses which might have an indirect bearing on the matter. For instance, a policyholder is required to notify his insurance company of any material change in the risk. Some insurance companies say they would not regard the transportation of a few extra gallons of gasoline in tin cans a material change in the risk. But, it has been pointed out, other companies might take the ground that it does: If they had not been notified in writing, they might oppose a claim made under the policy. A court of law is the only one that could decide whether there had been a material change in the risk or not.

Accordingly, the wise course for you to pursue would be to notify your insurance company of your intentions and get their written consent to carry the gasoline.

Weekly Bank Clearings

	July 24 1941 $	Change Year Ago %	July 17 1941 $
Halifax	$3,648,987	+28.9	3,480,598
Saint John	2,248,076	+14.7	2,079,153
Moncton	1,037,363	+9.5	938,535
Quebec	4,946,427	+7.2	5,750,023
Montreal	101,676,419	+17.9	121,773,449
Ottawa	30,717,498	+42.4	34,781,117
Kingston	812,204	+29.3	784,515
Sherbrooke	885,639	+14.5	1,148,362
Peterbroough	714,872	+30.1	694,260
Toronto	113,287,830	+28.6	112,780,369
Hamilton	7,811,112	+32.7	6,845,292
St. Catharines	1,220,779	.....	1,327,631
Kitchener	1,287,713	+29.7	1,228,795
Brantford	1,048,068	+19.1	1,074,525
London	2,604,902	+17.9	2,923,401
Chatham	757,818	+55.8	632,590
Windsor	3,607,011	+51.9	3,850,268
Sarnia	476,709	+17.2	522,675
Sudbury	938,381	—7.3	1,011,825
Fort William	1,097,624	+31.4	1,113,014
Winnipeg	59,873,846	+72.5	59,358,964
Brandon	407,650	+33.3	404,948
Regina	4,935,864	+21.3	4,244,842
Saskatoon	1,454,791	+18.8	1,436,353
Moose Jaw	606,754	+26.2	707,320
Prince Albert	414,729	+31.2	416,806
Edmonton	4,,932,248	+30.7	4,746,495
Calgary	6,774,534	+57.0	6,234,175
Lethbridge	515,550	+25.8	525,974
Medicine Hat	418,253	+108.6	335,498
N. W'minster	916,388	+26.6	743,887
Vancouver	19,787,867	+12.1	19,275,214
Victoria	2,120,453	+18.8	1,848,646



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● Right now you can put yourself and your family on another pay roll that will take over when your pay stops coming in. No need to save up to meet big insurance premiums. It's a special Budget Policy featuring deposits you can afford out of this week's pay envelope.

For example, at age 30 the premium on this five thousand dollar ($5,000) policy is only $6.15 each month. And you don't even have to remember to pay each premium as it comes due, for the Company will accept your 12 small monthly cheques dated ahead.

Take advantage of this safe, modern, easy way to get the life insurance you always wanted. Without obligation send coupon today for folder explaining how you can get the protection you want for as little as $5 monthly.

NORTH AMERICAN LIFE

HEAD OFFICE: 112 King St. W., Toronto, Ont.

Please send me information about your special Budget Policy, together with free Pocket Memo Budget Booklet.

Name........................

Address........................

Head Office, TORONTO, CANADA

United States Fidelity & Guaranty Company TORONTO

CANADA BREAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

AND ITS WHOLLY OWNED SUBSIDIARY

CONSOLIDATED BALANCE SHEET

As at 30th June, 1941

ASSETS

Cash on hand and in banks		$ 139,915.32
Call loan		200,000.00
Dominion of Canada 3% Victory bonds due 1951—$50,000 par value, at cost		50,000.00
Accounts receivable less reserve for doubtful accounts		203,372.08
Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at not more than the lower of cost or market		247,092.23
		$ 840,379.63
Mortgages receivable		18,419.80
Buildings and equipment—at cost	$5,112,455.20	
Less reserve for depreciation	2,753,789.58	
	$2,358,665.62	
Land—at cost	341,465.64	2,700,131.26
Prepaid insurance, taxes and other charges		89,496.49
Goodwill (less amounts written off)		500,000.00
		$4,148,427.18

LIABILITIES

Accounts payable, wages and other accrued charges		$ 355,204.99
Reserve for taxes (including income and excess profits taxes)		108,405.37
Bond interest accrued		15,760.00
Dividends on preference shares—payable 2nd July, 1941		31,250.00
		$ 510,620.36
Deposits by salesmen	$ 71,744.23	
Less cash and government bonds held in trust	71,744.23	
First mortgage 6% sinking fund gold bonds, due 1st August, 1941:		
Issued less redeemed	$ 630,400.00	
Less held for redemption	101,700.00	528,700.00
Reserve for contingencies—after deduction made during the year		85,000.00
Capital:		
Authorized and issued—		
12,500 Cumulative redeemable first preference shares of $100 each, redeemable at $110 per share, entitled to cumulative dividends at 5% per annum to 1st July, 1941, and 6% per annum thereafter	$1,250,000.00	
25,000 5% Cumulative participating redeemable Class "B" preference shares of $50 each, redeemable at $100 per share	1,250,000.00	
200,000 Common shares of no par value	25,000.00	
	$2,525,000.00	
Earned surplus—as per statement attached	499,106.82	3,024,106.82
		$4,148,427.18

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th JUNE, 1941

Profit on operations before charging bond interest, depreciation and income, excess profits and corporation taxes		$ 494,020.86
Add interest earned on investments and bank deposits		5,062.83
		$ 499,083.69
Deduct:		
Bond interest	$ 32,323.94	
Provision for depreciation of buildings and equipment	226,585.54	
Premium paid on company's bonds purchased for redemption	146.75	259,056.23
		$ 240,027.46
Deduct provision for income, excess profits and corporation taxes		95,000.00
Net consolidated profit for the year		$ 145,027.46

CONSOLIDATED SURPLUS ACCOUNT

FOR THE YEAR ENDED 30th JUNE, 1941

Balance at 30th June, 1940		$ 479,079.36
Add net consolidated profit for the year ended 30th June, 1941		145,027.46
		$ 624,106.82
Deduct:		
Dividends on preference shares:		
First preference shares—5%	$ 62,500.00	
Class "B" preference shares—5%	62,500.00	125,000.00
Balance at 30th June, 1941		$ 499,106.82

Canadian Bonds Comprise 44% U. S. Foreign Holdings

Over 44% or $1,390 millions of United States investments in foreign dollar bonds at the end of 1940 was made up of Canadian issues, according to a survey prepared by Paul D. Dickens, of the U.S. Department of Commerce. Eleven years earlier Canadian bonds held in the U.S. were estimated at $1,750 millions, but comprised only 24% of total holdings.

European bonds which in 1930 amounted to over $3,000 millions or 42% of the U.S. portfolio of investments, by the end of 1940 had been reduced to $505 millions, or only 16% of the total.

Axis Holdings Cut

German bonds (including Austria) which at one time amounted to upward of $1,000 millions, were reduced to just over $100 millions—largely the result of repatriations during the period of default.

Since 1930 many European issues have been selling at low prices and have been repatriated in large volumes.

Canadian holdings, on the other hand, have been reduced almost exclusively by purchases at or close to par for normal sinking fund and redemption purchases.

Heavy Holdings in Canada

The principal type of issue included in the United States foreign dollar bond holdings at the end of last year was national government obligations, accounting for $1,508 millions. Canadian bonds aggregating $439 millions comprised the largest item of this total. Holdings of Latin-American bonds (Argentine, Brazilian and Chilean) followed in size, each somewhat more than $100 millions.

The next largest group was provincial and municipal issues in which, again, Canada exceeded all other countries with a total of $471 millions; Brazil followed with $124 millions.

Corporation issues, of which the government-guaranteed total was the largest, aggregated $748 millions, $476 millions being Canadian issues.

Yield Due to Canadians

In 1940 the cash income of $109 millions on the U.S. holdings of foreign dollar bonds gave a yield of 3.47% on a par value basis and 6.1% on a market value basis.

This relatively good showing as regard to interest payments was primarily due to the excellent record of the Canadian issues, the defaults from which amounted to only $36 millions, or 2.6% of the total for that country.

Canadian bonds yielded an average of 4.3% on the par value and 4.9% on the market value basis.

More from Dominion

The interest received from Canada during 1940 amounted to just over $60 millions, or 55% of the total received.

The Canadian record, says Mr. Dickens, is outstanding primarily because defaults were so few in such a large volume of issues.

Other countries, with fewer bonds outstanding, have a better record as regard to the percentage of defaults to total, among them being Australia, France, Japan and Norway. Ten other countries were not in default on any interest payments as of the end of 1940.

List of Investments

The estimated United States holdings of foreign dollar bonds at the end of 1940, together with the percentage of defaults of total investments, is set out in the table below:

ESTIMATED UNITED STATES HOLDINGS OF FOREIGN DOLLAR BONDS, DEC. 31, 1940
(Par value, in millions of dollars)

Country:	Government issues: National	Government issues: Provincial & municipal	Corporate issues: Gov't. guaranteed	Corporate issues: Private	Total	% of defaults of total investments
Canada & Newfoundland:						
Canada	439.2	471.0	257.3	218.8	1,386.3	2.6
Newfoundland	3.6				3.6	
Total	442,8	471.0	257.3	218.8	1,389.9	2.6
West Indies:						
Cuba	59.4	.2		1.3	60.9	16.1
Dominican Republic	7.2				7.2	
Haiti	5.6				5.6	
Total	72.2	.2		1.3	73.7	13.3
Central America:						
Costa Rica	8.0				8.0	100.0
Guatemala	1.6		1.1		2.7	59.3
Panama	10.4	.2	.5		11.1	70.3
El Salvador	4.1				4.1	100.0
Total	24.1	.2	1.6		25.9	83,0
South America:						
Argentina	128.5	62.0			190.5	2.9
Bolivia	53.6				53.6	100.0
Brazil	121.0	123.8	8.5	2.0	255.3	95.9
Chile	109.5	11.1	62.9		183.5	75.3
Colombia	35.9	77.0	4.1	5.0	122.0	88.8
Peru	50.8	3.2			54.0	100.0
Uruguay	33.4	1.2			34.6	7.5
Total	532.7	278.3	75.5	7.0	893.5	67.9
Europe:						
Belgium	11.5	3.0			14.5	20.5
Bulgaria	4.8				4.8	100.0
Czecho-Slovakia	1.3	.6			1.9	100.0
Danzig	1.8				1.8	100.0
Denmark	54.7	23.2	3.0		80.9	
Estonia	1.3				1.3	
Finland	1.7	3.2	1.4		6.3	
France	8.4				8.4	
Germany (incl. Austria)	29.7	21.8	27.8	23.9	103.2	94.0
Greece	14.8				14.8	100.0
Hungary	6.0	7.9	11.3	6.7	31.9	81.8
Ireland	.4				.4	
Italy	16.5	12.9	3.9	40.4	73.7	99.6
Lithuania	.4				.4	
Norway	54.0	4.2	3.3		61.[illegible]	
Poland	25.9	5.3	14.2		45.4	100.0
Rumania	4.4				4.4	100.0
Turkey	10.7				10.7	
U.S.S.R.	9.8				9.8	
Yugoslavia	26.5		2.9		29.4	81.0
Total	284.6	82.1	67.8	71.0	505.5	58.7
Asia:						
China	13.4				13.4	91.8
Japan	50.1	12.1	16.0	27.3	105.5	
Philippine Islands	25.6	6.8	2.7	1.5	36.6	
Total	89.1	18.9	18.7	28.8	155.5	7.9
Oceania:						
Australia	61.2	33 8			95.0	
Africa:						
Liberia	1.8				1.8	
Grand total	1,508.5	884.5	420.9	326.9	3,140.8	31.3

AGENCY PARTNER

For many years vice-president of Clark Locke Ltd., national advertising agency, Elton Johnson has become a member of the firm. The name of the agency has been changed to Locke, Johnson and Co. Ltd. Mr. Johnson is the immediate past president of the International Affiliation of Sales and Advertising Clubs and conducts the University of Toronto Extension Course in Advertising.

London - Washington Linked by Air Service

By RONALD A. KEITH
Editor, Canadian Aviation

Aviation developments south of the border promise still closer links between this continent and Britain and a big increase in the air traffic involved in ferrying U. S. and Canadian-built aircraft across the Atlantic.

1. The U. S. Army Air Corps is launching its own Washington-to-London air service operated by military pilots and probably using Flying Fortresses. The objective is to give long-range flying experience to Air Corps crews, and at the same time to provide ferry service for officials and mail between the two democratic capitals.

2. A less sensational but more important decision involves setting up an Air Corps Ferry Command which will supervise final stages of production and will be responsible for factory-to-seaboard deliveries of military planes in the United States. This will provide cross-country training for U. S. military pilots and will release a considerable number of civilian pilots for trans-ocean flying.

3. Parallel to these moves is a programme reported by American Aviation for the training of transatlantic pilots for Atfero (The Canadian company managing the Atlantic ferry service) and cross-country fliers for the Air Corps by Transcontinental & Western Air, Inc., a large American airline.

Reports in the United States indicate that the Air Corps' transatlantic scheme is already under way, that it will use Bolling Field at Washington as the U. S. terminal, with a stop at Newfoundland, and that a daily service is anticipated. American officials refused to comment on starting of the service.

Creation of the U. S. Ferry Command under the Air Corps is looked upon as a major contribution in the aid-to-Britain programme. The plan emerged from conferences of high military air service officials with Washington.

When this scheme has been instituted there will be an Air Corps inspector in every factory building military aircraft or essential parts. He will have authority to decide when a plane is ready to leave the assembly plant.

In some cases in order to save time at the plants planes may be flown to Air Corps stations for installation of military equipment.

Junior Air Corps officers who have received special training at special ferry schools now set up and expanding under management of TWA airline will fly the bombers and fighters from the factories to specified Atlantic airports where they will be taken over by trans-ocean air crews.

A special office in Washington will receive progress reports on all military aircraft in process of manufacture and will co-ordinate the speeding of output as well as delivery to the seaboard.

Seek Airline Pilots

The first of two airline-operated schools assigned to training of ferry pilots already has commenced operation. The division concerned with training transatlantic air crews is directed by experienced airline pilots assigned to the special job of organizing a group which will interview and accept for training prospective pilots, co-pilots and navigators for Atfero.

Rates of pay to be offered trained air crew personnel are reported as follows in the American press:

Pilots, $1,500 a month; Co-pilots, $1,200; Navigators, $900. In addition, each pilot is to receive a bonus of $2,500 for every 10 round trips and a special bonus of $5,000 after 25 round trips. Bonuses of $2,000 and $1,200 will be paid to co-pilots and navigators respectively for each 10 return trips, with $4,000 and $2,400 in respective bonuses after 25 return trips.

Applicants for these air crew jobs must have at least 600 hours' experience to be pilots and 400 hours to be co-pilots. They will be given familiarization flying training on the types of aircraft they are to fly as well as other special flight instruction, meteorological training and navigation for trans-ocean operation.

Nfld. Fish Exports Down For Year

Principally because of shipping difficulties and loss of important Mediterranean markets Newfoundland exports of salt codfish for the year ended June 30 were lower than in the preceding year.

Shore and Labrador exports dropped to 946,135 qtls. from 969,389 in the year ended June 30, 1940. Salt bulk shipments decreased to 64,949 cwt. from 85,437 cwt.

In the summer and spring of this year the drop in shipments has been more pronounced. In June, total shore and Labrador codfish exported fell to 24,640 qtls. from 62,391 qtls. in June, 1940, while salt bulk shipments dropped to 3,204 cwt. from 4,612 cwt.

From other standpoints the codfish situation is more satisfactory than last year. While demand has slackened supply has dropped at a greater rate. The catch has been smaller because of the decrease in men following the fisheries. Defense bases construction and better business employment have taken many of the men who normally follow the fisheries.

Tobacco Firms Appeal Verdict On Combines

An Alberta Supreme Court six-man jury has found 36 defendant tobacco manufacturers, wholesalers and jobbers guilty of operating a combine in Alberta on all six charges brought against them by the Crown. Fines totalling $210,000 have been imposed.

The fines range from $25,000 for Imperial Tobacco and Imperial Tobacco Sales Co. and Tuckett Tobacco and $15,000 for W. C. Macdonald Inc. to $250 for two small Alberta jobbers. Collection of the fines has been withheld pending appeal, but security posted for all connected.

Briefly, the companies were charged with operating a combine detrimental to the public interest by reducing competition within the trade, increasing prices and exercising general control over the tobacco industry in the province.

The jury's decision followed a 14-week hearing, during which the court sat 66 days, said to have been the longest in western Canadian legal records.

Appeal Expected

Notice of appeal has been filed by some companies; appeal by others is expected. Lionel Forsyth, K.C., chief defense counsel, who acted on behalf of Imperial Tobacco Co. of Canada, Imperial Tobacco Sales Co. of Canada and Tuckett Tobacco Co., has intimated that he will move for a stay of proceedings pending hearing on the appeals. W. C. Macdonald, Inc., was not represented by counsel at the hearing, although included among those found guilty.

The 36 defendants convicted were as follows:

Imperial Tobacco Co. of Canada
Imperial Tobacco Sales Co. of Canada
The B. Houde Co.
Tuckett Tobacco Co.
Tuckett Ltd.
L. O. Grothe Ltd.
W. C. Macdonald Inc.
H. Simon & Sons Ltd.
Louis D. Aronowitz
C. W. Boone & Co.
Borne & Pitfield Ltd.
H. H. Cooper, Ltd.
Edmonton Wholesale Tobacconists, Ltd.
Newhouse Wholesale Ltd.
Scott Fruit Co
Smokers' Supplies Ltd.
Wallace & Norman, Ltd.
C. C. Trusdale, Ltd.
Western Grocers Ltd.
Dominion Fruit Ltd.
St. Paul Wholesale Ltd.
Central Wholesale Ltd.
Conway's Ltd.
Louis Petrie, Ltd.
Wallace & Peacock, Ltd.
National Fruit Co.
Consolidated Fruit Co.
Alberta National Drug Co.
George Aspden, Jr.
J. Dubisky
E. T. Marshell
William Joseph DeWilde
A. E. Kaiser
Robert Boyd
H. T. Ontkes
George Clarkson

Three other defendants, Benson & Hedges (Canada), Rock City Tobacco Co. and Macdonalds Consolidated Ltd., are scheduled to appear for non-jury trial this fall. One other defendant named in the original proceedings, M. Mather, Jr., was previously granted a stay of proceedings as he is no longer in business in Alberta.

Claimed Wrong Trial

Defense counsel contended that the trial, under the Combines Investigation Act, was based on the same evidence and alleged illegal transaction as the previous trial under the Criminal Code. That previous trial ended with a stay of proceedings last year. It was maintained that there was no evidence that any agreement within the tobacco trade lessens competition; that the major decision to be reached by the jury was whether price maintenance and orderly marketing agreements within the trade operated against the interests of the public.

J. C. McRuer, K.C., chief Crown counsel maintained that organizations and agreements in the Alberta tobacco trade had been detrimental to the public; that some jobbers and retailers might lose their source of supply if they violated trade-arranged price schedules.

Nfld. Codfish Stocks Materially Lower

Newfoundland codfish stock position at the end of June appeared more satisfactory for fishermen and merchants than at the end of the same month last year.

Total of all codfish on hand at June 30, last, totalled 116,498 qtls., of which 90,550 qtls. was fish caught in the current season. This compares with 159,036 qtls. on hand at June 30, 1940, of which 90,000 was new fish.

Following is a breakdown of codfish stocks:

Codfish Stocks at June 30

	1941 qtls.	1940 qtls.
Shore	26,370	59,550
Bank	77,314	53,580
Labrador & Nfld. soft cure	12,814	45,906
Total	116,498	159,036

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

B. A. Oil

What do you think will be the effect of gasoline rationing on the earnings of British American Oil Company?

Until we know what form any gasoline rationing will take, it is not possible to state what effect it will have on earnings of British American Oil Co. Already hours of sale have been restricted and the objective of a voluntary gas saving campaign is a 50% cut in non-essential uses. If this is not successful, more drastic measures are expected.

In the meantime other demands on petroleum products are rising rapidly. For example, British American has received orders for petroleum products from the Department of Munitions and Supply at Ottawa in the past few weeks amounting to well over $1 million. Such orders would go a long way to offset any reduction in civilian consumption. So far this year British American sales of gasoline and oil have broken all previous records. The company is working on a new refinery to make lubricating oils and this is supposed to be ready late this year. Such things as rationing of products do little to help the earnings or general position of the companies involved.

Transportation Bldg.

In an estate in which I am interested I find there are a few shares of the Transportation Building Co. common stock. I would appreciate information as to their value.

Shares of the Transportation Building Co. appear to have only nominal value at present. The company owns the Transportation Building in Montreal, and to the end of the 1940 fiscal year on April 30, had arrears of $71,190 in interest on the 7% first mortgage bonds. In addition, dividends on the preferred stock have accumulated at the rate of 7% since 1924. There are $250,000 of preferred stock of $100 par value outstanding.

Canadian Dredge

Can you provide me with any recent information regarding the current business and prospects of Canadian Dredge & Dock?

Suspension of contracts in Ontario by the Dominion Government in the spring of 1940, resulted in a poor year for Canadian Dredge & Dock Co. last year. Dredging contracts in 1941 are being made only as needed by the Government, and it is yet impossible to determine how profitable the year's operations will be. Contracts placed have not been large, The Financial Post is informed, and in this sort of operation it is difficult to be sure of the profit until the contract is completed.

The longer run outlook for Canadian Dredge appears to be favored by the projected construction of the St. Lawrence Waterways. Completion of this project would doubtless call for deepening and improvement of existing harbors and channels, correspondingly improving the opportunities for Canadian Dredge.

Vice-Presidents Named By Engineering Firm

A. H. Jolley and L. E. Clark, both of Toronto, have been appointed vice-presidents of George S. May Ltd., management engineering firm with Canadian offices in Toronto and Montreal. Both men have been associated with the company for some time and will continue to make their headquarters at the Toronto office of the firm. The parent concern operates throughout the United States.

Dominion Textile Co. Adding to Plant

Work on the addition to the Dominion Textile Co.'s mill at Montmorency is progressing favorably.

The latest annex will be for the purpose of extending the handling of manufactured cloth, enlarging the storage of manufactured yarn and to provide modern conditioning for the yarn.

PLAN AHEAD

The government of Canada has announced plans to finance much of the war expenditure out of current revenue. War taxes of various sorts are being imposed. To meet them the first step is to save systematically. Open an account with this Corporation and be ready when the government calls.

2% on Savings—Safety Deposit Boxes $3 and up —Mortgage Loans.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto
Assets Exceed $67,000,000.
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CHARTERED ACCOUNTANTS
TORONTO KIRKLAND LAKE

Plan your FUTURE SECURITY Now!

ASSURE your future financial independence by using a systematic saving plan that has stood the test of nearly half a century of uninterrupted and successful service. This plan, operated under rigid statutory control, is now helping thousands of Canadian men and women with a definite program for a secure financial future.

And in helping yourself under this plan you also help protect your country. Monies paid by contract holders are invested in Canadian bonds and other securities to promote the strength of Canada's war effort.

Write our nearest branch today for full information on how this plan can be adapted to your needs.

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OF CANADA LIMITED
Head Office: Winnipeg, Man.
Branch Offices at:
St. John, N. B., Three Rivers, Que., Montreal, Que., Toronto, Ont. Hamilton, Ont., London, Ont., Ottawa, Ont., Fort William, Ont., Regina, Sask., Saskatoon, Sask., Edmonton, Alta., Calgary, Alta.

COMPETENT AND CONTINUOUS ADMINISTRATION

of your estate is assured when you name this company as your executor or trustee. Individuals die, resign and too often prove incompetent, but our perpetual life and expert service insures wise administration.

We will be glad to serve you in any capacity of trust.

MONTREAL TRUST COMPANY
Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

Thrill to Shipboard Life—
Sail the WORLD'S LARGEST INLAND OCEAN!

● Enjoy the thrills of an ocean voyage right in the centre of Canada—five days cruising the cool, sparkling Great Lakes on a big, staunch liner. Lovely Georgian Bay, gleaming Lake Huron, vast, ocean-like Lake Superior. Visits to Sault Ste. Marie, Port Arthur and Fort William. Deck sports, dancing, delicious meals, congenial companionship, cool, airy staterooms.

Frequent sailings every week from Port McNicoll or Owen Sound

ALL-EXPENSE CIRCLE CRUISES

5 Glamorous Days. .$40*
including cruise through Mackinac Island area, by S.S. 'MANITOBA'

5 Thrilling Days. . . .$50*
by S.S. 'KEEWATIN' or 'ASSINIBOIA'

*Government tax extra.

Reservations and booklets from your travel agent or

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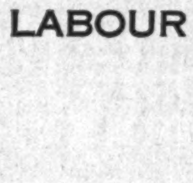
Always carry Canadian Pacific Express Travellers Cheques

DEPARTMENT OF LABOUR



CANADA

CANADA'S WARTIME WAGES POLICY PROTECTS BOTH EMPLOYERS AND EMPLOYEES

Higher wages which buy less and less, breed debt and discouragement. Likewise business that expands on inflated dollars collapses like a pricked balloon.

It is in the interests of all citizens that inflation in Canada be checked and for that reason the Government is endeavouring to control price increases, rents, and profits.

Order in Council No. 7440 was designed to assist in effecting this control. It provides for a ceiling on wages and for a cost of living bonus to be paid in addition to basic wages. This bonus rises and falls at the rate of 25 cents per week for every percentage point of rise and fall in the cost of living index, except in the case of juveniles and female workers, receiving less than fifty cents an hour for whom the bonus is one per cent of their basic wage rate.

Why WORKERS Should Support P. C. 7440

Order in Council 7440 puts a ceiling on basic wage rates at a high point. This ceiling protects you against the loss of real income caused by a runaway race between wages and prices.

Corresponding controls on prices of the necessaries of life are already being exercised by the Wartime Prices and Trade Board, which is striving also to maintain the supply of such necessaries in reasonably normal volume.

Canadian workers today have more actual buying power than ever before. Do not be tempted to sacrifice this solid position for the mirage of wartime wage increases—they lead only to debt and discouragement because prices will inevitably keep ahead of wages.

Order 7440 checks this race between wages and prices and by putting the bonus on a flat rate basis favours the lower paid workers.

All workers should support Order 7440. Get a copy of the order and study it. Discuss it with your employer and with your fellow workers.

Why EMPLOYERS Should Support P. C. 7440

When wages reach the ceiling established by the order then no more increases in basic wage rates can be granted. This ends the "bidding-up" process that is certain to result in an inflationary spiral.

Wars cannot be fought without some rise in the prices of the basic necessaries of life. The Wartime Prices and Trade Board is endeavouring to keep these increases within bounds to prevent unjustifiable increases in the cost of the family budget.

The cost of living bonus provided for in P. C. 7440 is designed to take care of such price rises as cannot be avoided.

While the order requires wage adjustments in certain instances, it is believed that it will hold inflation within much narrower bounds than those of the last war.

The order helps to preserve the high morale of workers because they know that all are being treated equally. This removes a cause of labour friction.

This is the fairest possible plan for the worker, the employer and the taxpayer that has yet been devised.

Workers and employers are both called upon in the interests of Canada's war effort to observe the Order in both the spirit and the letter. This observance will benefit all Canadians.

Issued under the authority of

N. A. McLARTY,
Minister of Labour

Ottawa
July 29, 1941

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 28

Range 1941 High	Low	Div Rate $	Jly 26 Y'ld %	Company	Sales	Last July 21	Week end. July 28 H	L	Cl'se
				A					
				Abitibi	900	.60	.75	.70	.75
.90	.50	•	...	Do. pref. 6%	505	5½	6	5½	5½
8	4	•	...	Do. pref. 7%	....	(6 bid 12 asked)			
12¾	8	•	...	Acme Glove	....	(1½ bid — asked)			
3	1	•	...	Do. pref.	....	(— bid 60 asked)			
60	50	6.50	13	Agnew Surp.	50	12½	12¾	12¾	12¾

Oil Stocks

Par Val.	Range 1941 High	Low	Company	Sales	Close July 21	High for week	Low for week	Close July 28
No	.60	.41	Foothills	1,000	.00	.00		
No	.15	.07	High Sarcee	1,865	2.25	2.24	2.10	2.15
No	2.52	1.50	Home Oil		(.... bid .... asked)			
No	.01½	.01	Madison	2,000	.01½	.01½	.01½	.01½
No	.01½	.01	Marjon Oil	1,000	.05	.05½	.05½	.05½
No	.07	.04	McD. Segur Ex.		(.... bid .... asked)			
No	.05	.02	Mercury	1,000	.04½	.05½	.05½	.05½
No	.05½	.04	Mill City Pete	500	.16	.16½	.16½	.16½
1	.19	.12	Model		(.04 bid .... asked)			
25c.	.05½	.04½	National Pete		(.... bid .... asked)			
1	•.05	.04	Nordon	200	.50	.50	.50	.50
No	.75	.40	Okalta		(.02 May 30)			
No	.04	.02	Pacalta Oil		.18	.20	.20	.20
1	.26	.18	Pacific Petroleums	200	(.06 bid .... asked)			
No	.15	.06	Royal Canadian		(.... bid .... asked)			
No	•.10½	.06	Royal Crest	20	22.00	22.00	22.00	22.00
No	22.00	17.12	Royalite		(.... bid .... asked)			
No	.01½	.01½	South End	100	.10	.15	.15	.15
No	.25	.10	Southwest Pete		(.03½ bid .... asked)			
1	.05½	.02½	Spooner		(.09 bid .... asked)			
25c.	.14	.10	Sunset Oil		(.03 bid .... asked)			
No	.04½	.03	United		(.03 bid .... asked)			
No	.04½	.03	Vanalta	100	.25	.22	.22	.22
1	.38½	.20	Vulcan					

*Quotations for 1940.

Winnipeg Stocks

(Transactions from July 21 to July 26)

	Sales	High for period	Low for period	Close July 26
Dominion Envelope, c.	60	7.50	6.00	7.50
Do., pref.	10	96.00	96.00	96.00
Great West Life	2	190.00	190.00	190.00
Home Investment	50	16.00	15.50	16.00
Northern Trusts	10	7.00	7.00	7.00
United Grain	73	10.00	7.75	7.75
Western Life. 20% pfd.	10	10.00	10.00	10.00
Western Steel	25	7.00	7.00	7.00
Wingold	500	.08½	.08½	.08½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	3¾	5
Beav. Lumber, p	..	105
Can. Airways	1	..
Cres. Cream., pf.	11	15
Corr. P. Box, c.	.60	.80
Fed. Grain, c	.35	.50
Fed. Grain, pf.	30	32
Nor. Can. Mtg. p.	5	..
Traders Bldg.	43	..
West. Brew.	1⅝	1⅞
West. Grain, p.	..	9
Wings vot. tr.	.35	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 29	9,300	8,500	202,000	......
July 28	6,300	6,900	183,000	10,910
July 26	1,600	2,500	113,000	17,750
July 25	5,800	7,500	150,000	4,850
July 24	8,000	5,800	101,000	4,465
July 23	7,100	6,300	113,000	9,240

Corporation Bonds (Cont'd)

	Rate	Due	Bid	Ask
Stand. Lime	6		97	100
Sterling Coal	6	'45	53	..
Stop & Shop	3	'47	86½	89½
United Corp.	5	'53	103½	105½
*United Gas	5½	'48	95½	98½
United Gr. Grs.	5	'48	61½	64½
†Western Grain	6	'49		

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
*Payable in U. S.
§Payable in Canada only.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Municipal Bonds

July 29, 1941

	%	Due	Bid	Ask.	Yld. %
†Halifax	5	1961	111.00	114.00	3.98
Hamilton	5	1950	108.25	111.25	3.58
Montreal	5	1945	93.00	95.00	6.50
Ottawa	4½	1945	103.75	106.25	2.85
†Quebec	5	1959	105.00	108.00	4.25
Saint John	5	1950	101.00	104.00	4.67
†Toronto	4½	1955	110.00	114.00	3.22
†Vancouver	5	1950	100.00	102.00	4.79
Winnipeg	5	1944	102.00	104.00	3.61

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Funds	2.44	2.68
Can. Amer. Trust	3.00	3.45
Can. Inter. Trust	4.25	5.00
Can. Invest. Fund	3.25	3.60
Corporate Investors	5.50	5.96

Mining Dividends

	Rate	July 28	%
Anglo-Huronian	▲10c	2.55	..
Aunor Gold	12c	1.95	..
Beattie Gold	16c	1.04	15.4
Bralorne	80c+40c	10.63	*11.3
Broulan Porc.	12c	.77	15.6
Buffalo Ankerite	▲20c	4.40	..
Bulolo Gold	$3	17.25	17.5
Can. Malartic	8c	.60	13.3
Cariboo Gold	16c+8c	2.30	*10.3
Central Patricia	16c+6c	1.83	*11.9
Chesterville	10c	1.53	..
Cochenour Willans	3c	.76	..
Coniagas	▲17½c	1.05	..
Coniaurum	16c	1.30	12.3
Cons. Smelters	$1+$1.50	39.75	*6.3
Delnite	▲3c	.80	..
Dome Mines	$2	23.63	8.4
East Malartic	▲20c	2.49	..
Falconbridge	▲10c	3.10	..
Francoeur Gold	‡3c	.49	..
Goldale	‡2c	.12	..
Gold Belt	▲2c	.25	..
Grandview	▲1½c	.14½	..
Gunnar Gold	6c	.25	..
Hallnor	60c	3.95	15.2
Hard Rock	▲5c	.76	..
Hedley Mascot	8c	.50	..
Hollinger	65c+45c	12.75	*8.6
Howey Gold	▲2c	.22	..
Hudson Bay	$2	27.25	7.3
Inspiration	†2c	.30	..
Inter. Nickel, com.	$2	35.00	5.7
Island Mountain	▲8c	.95	..
Jason	†2c	.39	..
Kerr Addison	▲22c	4.75	..
Kerr Lake	‡10c	.30	..
Kirkland Lake	10c+2c	.75	*16
Kootenay Belle	▲6c	.27	..
Lamaque Gold	40c+15c	4.75	*11.6
Lake Shore	$1.40	15.50	9
Leitch	8c	.52½	15.2
Little Long Lac	▲10c	1.95	..
Macassa	32c+3c	3.85	*9.1
Madsen R. Lake	‡6c	.73	..
Malartic Gold	†5c	1.25	..
McGillvray Coal	‡3c+1c	.21	..
McKenzie Red L.	12c	1.11	10.9
Moneta	8c	.36	..
McIntyre-Porc.	$2.22+$1.11	50.50	*5.9
MacLeod-Cockshutt	‡20c	1.85	..
Naybob Gold	4c	.24	..
Negus	†5c	.65	..
Nipissing	15c	1.20	12.5
Noranda	$4	57.00	7
North Empire	▲20c	4.75	..
O'Brien Gold	10c	.80	..
Pamour Porc.	12c	1.10	10.9
Pato Cons.	20c+2c	2.50	8.8
Pend Oreille	†6c	1.73	..
Perron Gold	16c+4c	1.45	*13.7
Pioneer, B.C.	40c	2.15	18.6
Pickle Crow	40c	3.00	13.3
Placer Develop.	$1.20	8.50	14.1
Premier	12c	.93	12.9
Preston E. Dome	20c+10c	3.40	*8.8
Privateer Mines	▲9c+3c	.48	..
Quebec Gold	‡2c	.22	..
Relief Arlington	‡5c	.02	..
San Antonio	14c+6c	2.55	*7.8
Sheep Creek	16c	.92	17.4
Sherritt Gordon	▲5c	.82	..
Sigma Mines	▲30c	7.50	..
Silbak Premier	16c	.85	18.8
Siscoe	▲6½c	.52	..
Sturgeon River	4c	.16	..
Sudbury Basin	▲2½c	1.48	..
Sullivan Cons.	▲5½c	.60	..
Surf Inlet	▲1c	.12	..
Sylvanite Gold	28c	2.70	..
Teck-Hughes	40c+5c	2.72	*16.7
Toburn	12c+5c	1.70	*10
Upper Canada	▲7c	1.99	..
Ventures	▲10c	4.50	..
Waite Amulet	10c	4.35	..
Wendigo	3c	.24	..
Wright-Harg.	40c+30c	3.85	*18
Ymir Yankee	2c	.05	..

*Yield including bonus. †Initial.
‡Paid in 1940.
▲Paid or declared payable in 1941 to date.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	40c	Sept. 2	Aug. 15
Do., extra	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Aluminium	$2	Sept. 5	Aug. 15
Do., pref.	†$1.50	Sept. 1	Aug. 8
Amal. Elec.	■25c	Aug. 30	Aug. 15
Assoc. Tel. 7% pf.	†56c	Aug. 15	Aug. 1
Do., $6 pref.	†48c	Aug. 15	Aug. 1
Aunor Gold	4c	Sept. 3	Aug. 15
Bk. of Montreal	$2	Sept. 2	July 31
Bk. of Toronto	$2.50	Sept. 2	Aug. 15
Bathurst P. & P., A	25c	Sept. 1	Aug. 15
Bertram & Sons	15c	Aug. 15	Aug. 1
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	50c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Can. Bk. Commerce	$2	Aug. 1	June 30
Canadian Oil, c.	12½	Aug. 15	Aug. 1
Do., extra	12½	Aug. 15	Aug. 1
Coniagas Mines	5c	Aug. 8	July 24
Commoil	1c	Aug. 29	Aug. 15
Chesterville L.	5c	Aug. 20	Aug. 5
Cosmos Imp.	30c	Aug. 15	July 31
Can. Breweries, pf.	75c	Oct. 1	Sept. 13
Conduits Nat.	15c	Aug. 8	Aug. 5
Corr. Paper Box, p.	$1.75	Sept. 2	Aug. 15
Can. For. Inv., pf.	■$2	Oct. 1	Sept. 15
Can. Int. Inv. Tr., p.	50c	Sept. 2	Aug. 15
Dom. Bridge	30c	Aug. 25	July 31
Dom.&Ang. Inv. p	$1.25	Sept. 1	Aug. 15
Dom. Scott. Inv., pf	■50c	Sept. 1	Aug. 20
East Malartic	■10c	Aug. 30	Aug. 1
Farmers Tele.	62c	July 31	July 10
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 8
Granby Cons.	†15c	Sept. 2	Aug. 15
Hollinger Cons.	5c	Aug. 12	July 29
Do., extra	5c	Aug. 12	July 29
Grandview Mines	†1c	Aug. 10	July 15
Hedley Mascot	2c	Aug. 15	July 24
Lake of W. Mill., p.	$1.75	Sept. 2	Aug. 16
Loblaw, A. B.	25c	Sept. 2	Aug. 11
Louisiana Land	†10c	Sept. 15	Sept. 2
Kerr-Addison	5c	Aug. 28	Aug. 7
Leitch Gold	2c	Aug. 15	July 31
McIntyre Porc.	55½c	Sept. 2	Aug. 1
Montreal Loan	31¼c	Sept. 15	Aug. 31
Mtge. Corp., N. S.	$1.25	Aug. 1	July 24
Nat. Biscuit, c.	†40c	Oct. 15	Sept. 16
Do., pref.	†$1.75	Aug. 30	Aug. 15
Ont. Steel Prod.	50c	Aug. 15	Aug. 5
Do., pref.	$1.75	Aug. 15	Aug. 5
Pac. Pr. & W., pr. pf.	75c	Aug. 1	July 20
Photo Engravers	50c	Sept. 2	Aug. 15
Perron Gold	■4c	Sept. 22	Aug. 30
Do., extra	■1c	Sept. 22	Aug. 30
Privateer Mine	3c	Aug. 10	July 25
Do., extra	1c	Aug. 10	July 25
Penmans	75c	Aug. 15	Aug. 5
Prov. Transport	20c	Aug. 15	Aug. 5
Quebec Power	25c	Aug. 25	July 22
Royal Trust	80c	Aug. 1	July 20
Remington Rand	†20c	Oct. 1	Sept. 10
Do., pref.	†$1.12½	Oct. 1	Sept. 10
Royal Bank	$2	Sept. 2	July 31
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
South. Can. Pwr.	■20c	Aug. 15	July 31
Shaw. W. & Pr.	23c	Aug. 25	July 24
Siscoe Gold	2c	Sept. 15	Aug. 16
Sherbrooke Trust	$1.50	Aug. 1	July 15
Toburn Gold	3c	Aug. 22	July 22
Do., extra	1c	Aug. 22	July 22
Union Gas	20c	Sept. 15	Aug. 20
United Fuel, p.	75c	Oct. 1	Sept. 20
United Corp. A	38c	Aug. 15	July 31
Walker-Good.	$1	Sept. 15	Aug. 22
Do., pref.	25c	Sept. 15	Aug. 22
Willson Stat., pfd.	$1.25	Oct. 15	Sept. 30
York Knitting	20c	Aug. 15	Aug. 8
Do., 1st pfd.	$3.50	Aug. 15	Aug. 8
Do., 2nd pfd.	$3.50	Aug. 15	Aug. 8

†Payable in U. S. funds.
■Subject to approval of Foreign Exchange Control Board.

Two Largest U. S. Brokerage Firms Merge

Merger of Merrill Lynch, E. A. Pierce & Cassatt with the firm of Fenner & Beane, just announced, brings together the two largest "wire houses" in the United States. The new stock exchange giant will have a combined capital of more than $6 millions and debit balances of $56 million. It will have 48 general partners and 18 special partners.

The new firm will hold memberships in 28 security and commodity exchanges and will have branches in 93 cities. The merger becomes effective Aug. 18 and the new firm will be known as Merrill Lynch, Pierce, Fenner & Beane.

DIVIDEND NOTICES

Photo Engravers & Electrotypers Limited

DIVIDEND NO. 33

Notice is hereby given that a dividend of Fifty Cents per share has been declared on the no par value stock of this Company, payable September 2nd, 1941, to Shareholders of record at the close of business on the 15th day of August, 1941.

The Transfer books will not be closed. By Order of the Board.

JAMES RICHARDS,
Secretary-Treasurer.

Toronto, July 29th, 1941.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 313

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the SECOND day of SEPTEMBER next, to Shareholders of record at close of business on 31st July, 1941.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 22nd July, 1941.

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of seventy-five cents (75c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared, payable on the 1st day of October, 1941, to shareholders of record at the close of business on the 13th day of September, 1941.

By Order of the Board,

W. C. Butler,
Secretary.

Toronto, Ontario
July 28, 1941.

DIVIDEND NOTICE

HIRAM WALKER-GOODERHAM & WORTS LIMITED

DIVIDEND NO. 78

A quarterly dividend of 25¢ a share has been declared on the outstanding no par value Cumulative Dividend Redeemable Preference Stock of this Company, payable Monday, September 15, 1941 to shareholders of record at the close of business on Friday, August 22.

DIVIDEND NO. 79

A dividend of $1.00 a share has been declared on the outstanding no par value Common Stock of this Company payable Monday, September 15, 1941 to shareholders of record at the close of business on Friday, August 22.

By Order of the Board.

FLETCHER RUARK,
Secretary.

Walkerville, Canada
June 24, 1941.

Lake of the Woods Milling Company Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of 1¾% has been declared on the Preferred shares of the Company, payable on September 2nd, 1941, to shareholders of record at the close of business on August 16th, 1941.

By order of the Board,

D. A. MacINNES,
Secretary.

YORK KNITTING MILLS, LIMITED

DIVIDEND NOTICES

Notice is hereby given that a dividend of 3½% has been declared on the First Preference Stock of the Company for the six months ended June 30th, 1941, payable August 15th, 1941, to shareholders of record at the close of business on August 8th, 1941.

Notice is hereby given that a dividend of 3½% has been declared on the Second Preference Stock of the Company for the six months ended June 30th, 1941, payable August 15th, 1941, to shareholders of record at the close of business on August 8th, 1941.

Notice is hereby given that a dividend of 20c per share has been declared on the Common Stock of the Company for the six months ended June 30th, 1941, payable August 15th, 1941, to shareholders of record at the close of business on August 8th, 1941.

By Order of the Board,

Wm. A. Clarke, Secretary.

Toronto,
July 25, 1941.

General Steel Wares Limited

DIVIDEND NOTICE

Notice is hereby given that a fixed cumulative dividend of $1.75 per share, being at the rate of 7% per annum in respect of the three months' period commencing on the 1st day of May, 1941, and ending on the 31st day of July, 1941, has been declared on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, payable on the 20th day of August, 1941, to shareholders of record at the close of business on the 8th day of August, 1941.

By Order of the Board.

FRANK S. BROPHY,
Secretary.

Montreal, July 26th, 1941.

AUNOR GOLD MINES LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of 4 cents per share, payable in Canadian Funds, has been declared by the Directors of AUNOR GOLD MINES LIMITED, payable September 3rd, 1941, to shareholders of record at the close of business August 15th, 1941.

By order of the Board.

J. R. BRADFIELD,
Secretary.

Toronto, July 23, 1941.

Loblaw Groceterias Co. Limited

NOTICE is hereby given that a quarterly dividend of 25 cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending August 31st, 1941, payable on the 2nd day of September, 1941, to shareholders of record at the close of business on the 11th day of August, 1941. The transfer books will not be closed. Payment will be made in Canadian funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto. July 23rd, 1941.

WANTED
Gen. Brock Hotel
3% Bonds
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Can Save on U. S. Taxes If You Get a Divorce

Arthur Graham Glasgow, M.E., D.Sc., D.Eng., a Virginian who settled in England 45 years ago and established plants in important centres on the continent, in a letter to the New York Times, points out that the Washington politicians have made laws which penalize all men and women who lead moral lives. That is, they tell a man if he marries he will have to pay higher taxes than the same individuals unmarried. Mr. Glasgow says:

"To the worthless argument that we should be following British precedent in unifying married income, I may say that Chancellors of the Exchequer repeatedly apologize for this unjust imposition, with the bald excuse 'We need the money'; moreover, the British unification of incomes for higher taxation is limited to married couples **who cohabit**; and may be avoided by husband and wife living apart!

"Obviously, we too need the money; but, instead of copying and amplifying the British mistake, it would seem wiser to provide the equivalent by reducing exemptions, rather than by means utterly opposed to public policy and ethics.

"One could understand such impositions in pre-'horse-and-buggy' days, when by law and custom the wife and her possessions became the mere chattels of her husband —although I believe the law did limit the size of the stick with which the husband could legally beat his wife; but women have travelled a long way since then, having acquired all of the rights of the male sex, and then some, while preserving their own priceless privileges.

"I began this brief statement by wondering if our legislators realized the consequences of discriminatory higher taxation on family life. I conclude by wondering what repercussions the proposal will have on those who were recently so victorious in the so-called 'feminist movement!'"

So far, Ottawa has avoided this "immoral" regulation, which, no doubt, is due to the birth and upbringing of our Minister of Finance, Mr. Ilsley, who comes from the most highly moral province of Canada.

Mr. Glasgow has long had an interest in Canada and his latest visit here was made recently.

Salmon Supply May Be Scant

Rationed Domestic Market Foreseen as Result of British Deal

By STAFF WRITER

OTTAWA. — Restricted domestic supply of salmon in Canada seems almost inevitable, as outcome of the agreement allotting Great Britain two thirds of the 1941 B. C. pack.

Britain normally takes about one quarter of the annual pack and there is not enough "slack" through falling off in demand from other export markets to provide the required U. K. quota.

Just how much the Canadian market may have to be rationed will not be known finally for another three months, or until the size of the 1941 pack is known. Last year the pink salmon pack was the smallest in the history of B. C. It ran only about 50% of the preceding year's pack.

The salmon problem has apparently not yet been turned over to the Wartime Prices and Trade Board to consider or administer. Negotiations as to rationing the pack and preventing profiteering, etc., have been handled by the Department of Fisheries and the Department of Trade and Commerce.

Tentative Price Control

It is understood that a tentative agreement has been reached which ensures that prices to the Canadian trade will not be unduly enhanced in spite of the fact that costs are up and a definite shortage of supply threatens.

Apparently the price at which the U. K. will obtain her two thirds of the pack is considered low by the trade, which means that there will be little or no profit for private packing companies in 1941-42 operations. There has been some criticism also that the deal was planned and consummated with little or no consultation with the industry, and little consideration for safeguarding the industry's capital investment.

Corrugated Paper Box Arrears Unchanged

Corrugated Paper Box Co. has declared a dividend of $1.75 on its preference stock, payable Sept. 2, 1941, to shareholders of record Aug. 15. After giving effect to this payment, arrears will be unchanged at $15.75 a share.

Public Utility Earnings

Canada Northern Power

June	1941 $	1940 $
Gross income	422,448	407,463
Oper. expenses	232,464	210,309
Net revenue	189,984	197,154
Six Months Ended June		
Gross income	1,112,220	1,208,399
Oper. expenses	1,405,541	1,347,778
Net revenue	2,517,761	2,556,177

The Mexican Light & Power Co.

Month of May	1941 $	1940 $	Incr. %
Operat. earns.	756,555	618,923	22.24
Exps. & deprec.	613,188	470,433	30.34
Net earnings	143,367	148,490	*3.45
Five Months to May 31			
Operat. earns.	3,672,118	3,098,754	18.50
Exps. & deprec.	3,020,429	2,377,200	27.06
Net earnings	651,689	721,554	*9.68

*Decrease.

Operating results as shown in Canadian dollars are taken at average rates of exchange. Approximated as closely as possible, they will be subject to final adjustment when annual accounts are made up.

DIVIDEND NOTICES

CANADA WIRE & CABLE COMPANY

DIVIDEND NOTICES

PREFERRED DIVIDEND NO. 50

TAKE NOTICE that the regular Quarterly Dividend of $1.625 per share on the outstanding Preferred Stock of the Company for the three months' period ended August 31st, 1941, has been declared as Dividend No. 50, payable September 15th, 1941, to Shareholders of record at the close of business August 31st, 1941.

CLASS "A" DIVIDEND NO. 24

ALSO TAKE NOTICE that a Dividend of $1.00 per share on the outstanding Class "A" Common Shares of the Company has been declared as Dividend No. 24, payable September 15th, 1941, to Shareholders of record at the close of business August 31st, 1941.

CLASS "B" DIVIDEND NO. 14

ALSO TAKE NOTICE that an Interim Dividend of 50 Cents per share on the outstanding Class "B" Common Shares of the Company has been declared as Dividend No. 14, payable September 15th, 1941, to Shareholders of record at the close of business August 31st, 1941.

By Order of the Board.

A. I. SIMMONS,
Secretary.

Toronto, July 24th, 1941.

Mission Extends Trip to Ecuador

From Our Own Correspondent

OTTAWA—Omission of Cuba and addition of Ecuador are the only changes in the itinerary of Canada's deferred trade mission to South America, according to an announcement by Hon. James McKinnon, Minister of Trade & Commerce.

The mission was interrupted by Mr. MacKinnon's illness last winter. Plans are to resume the trip Aug. 14, returning to Ottawa Oct. 28. The delegation will consist of Mr. MacKinnon and his private secretary, A. C. Adams; Deputy Minister L. D. Wilgress; Yves Lamontagne, director of commercial relations, Department of Trade & Commerce; and Escott Reid, second secretary, Department of External Affairs.

Flour Exports At New Record

Gain Half Million Bbls. in June — Far Above a Year Ago

Canadian flour exports in June showed huge gains over 1940. Total export of approximately 1.75 million barrels broke all recent records and exceeded the previous month's huge total by over 400,000 barrels.

Exports in June last year were just over half a million barrels and for the same month immediately before the war were 400,000 barrels. Average export price was almost $4 per barrel, which is slightly less than a year ago but a good deal higher than just before the war.

Wheat exports in June totalled over 23 million bushels, down approximately 6 million bushels from the previous month, but very much higher than June, 1940.

Details of flour and wheat exports as reported by the Dominion Bureau of Statistics are as follows:

Flour Exports

	Bbls.	$	Average Export Price $
June:			
1938	299,503	1,562,023	5.21
1939	401,189	1,175,728	2.93
1940	509,308	2,097,128	4.11
1941	1,750,924	6,985,941	3.99
First Six Months:			
1938	1,651,331	9,264,910	5.61
1939	2,223,298	6,693,159	3.01
1940	3,752,006	14,922,978	3.97
1941	5,462,440	20,437,593	3.74

Wheat Exports

	Bushels	$	Average Export Price $
June:			
1938	7,275,376	7,662,419	1.05
1939	14,637,016	9,034,986	0.61
1940	13,570,107	11,647,372	0.85
1941	23,113,604	19,104,232	0.82
First Six Months:			
1938	25,783,863	30,492,971	1.18
1939	51,313,467	31,508,494	0.61
1940	67,702,282	60,922,243	0.89
1941	99,021,326	82,727,490	0.83

U. S. Advertising Up 5% in June

Gains Were General Except for Automotive and General Groups

Total newspaper advertising last June, as compiled by Media Records Inc. in 52 American cities, showed a gain of 5% over the same month last year with two classifications, general and automotive, registering losses.

Automotive was off 12.8% for the month, says Editor & Publisher, reflecting the effect of the defense programme on the auto industry and retrenchment in that type of advertising. General, which has been off consistently, showed a loss of 4.1%.

All other classifications produced healthy gains as a result of the increased activity in the retail field. Retail advertising was up 9.5%; departmental store, 9.7% and financial 12%.

For the first half of 1941 advertising in the key American cities showed an increase of 4% for retail; 4.1% department store; 5.6% financial; 7.6% classified and 2.2% total display. General advertising for the period was off 3.3% and automotive down 1.7%.

Ontario Grape Price Raised to $50 a Ton

Grape growers in Ontario will be paid $50 a ton for their 1941 crop of grapes by wine producers, it is announced. This compares with a $40 a ton price paid last year and is the first increase in 10 years. It will add more than $250,000 to the cost of grapes used in making Canadian wines.

Week in Wheat

Pinch in Wheat Policy Felt for First Time

End of Crop Year Inaugurates Drastic Restrictions on Amount That May Be Marketed — Surplus Still Threatens Despite Weather

From Our Own Correspondent

WINNIPEG.—The end of the official crop year last Thursday means more to western farmers this season than ever before. Up to July 31 their right to dispose of as much wheat as they desired had not been limited, except for a certain slowing down of early deliveries in order that available elevator space might be allocated fairly.

But for the new crop year now commencing the total quantity of wheat farmers may dispose of, or even place in elevator storage, is to be limited to 222 million bushels, something less than half the quantity of wheat sold during the season just finished.

That total quantity is to be distributed among different farmers on the basis of wheat acreage, not the acreage actually put into crop in 1941, but 65% of the wheat acreage they seeded in 1940.

Problem of Excess

Should the total wheat production of the west this season be small as 280 million bushels, out of which would have to be provided wheat for seed and feed, probably each farmer would be allowed to deliver his whole disposable production. To the extent that quantity is exceeded—and in spite of disappointing crop conditions it may well be exceeded —the excess will have to remain on farms.

The Canadian Wheat Board, which has complete authority in this respect, has already ruled that the first quota for all farmers this year will be five bushels per authorized acre. "Authorized acre" is defined as the wheat acreage specified on the inside cover of the 1941-42 delivery permit book for each farmer. That in turn has been specified for each individual farmer by the Wheat Board in accordance with the general principles mentioned. It is probable that subsequent quotas will not be uniform, but will be varied for different districts, smaller where crops are small, and larger in districts of good crop production, in such a way that the burden of carrying any excess production will be distributed over all farms with more than a certain minimum yield.

• • •

Coarse Grains

The Wheat Board has power this year to regulate deliveries of oats, barley and other grains. It actually took steps to enforce such powers, by requiring farmers taking out permits for wheat deliveries to give information as to their acreages in other grain crops. Such powers were given, not for the purpose of limiting total sales of such grains, but in order, if necessary, to allocate elevator space among different farmers.

But the powers of the Wheat Board over deliveries of coarse grains are not likely to be enforced unless congestion of elevator space becomes extreme. The Board has announced that for the present it is not necessary for farmers to have particulars of their deliveries of coarse grains entered in permit books, as must be done with wheat, and they may deliver at different points, instead of confining deliveries to one point, as with wheat.

• • •

Feed Grains Scarce

Scarcity of feed grains over a considerable area of the West, where the number of livestock is large, will probably lead to increased quantities of wheat being used for feeding purposes this year. Provided that sufficient water and housing is available for hogs, most farmers can feed wheat, and even high grade wheat, and make more money out of it than will be obtained by selling at current market prices or delivering it to the Wheat Board.

In some areas, where crops are especially poor, farmers may actually buy wheat to be used for feed, conceivably in some cases wheat they produced themselves in 1940, which has not yet been shipped out from the local elevator point. The Wheat Board is willing to sell wheat at local points at current market prices, or the current initial Wheat Board price basis, whichever is higher. It is calculated that farmers who have been preparing hogs for market would do better to buy feed grain, if possible, than to sell their hogs before they have reached a proper weight for sale.

New Markets Developing For Canada Lumber Trade

From Our Own Correspondent

MONTREAL.—Slackened demand for lumber following completion of the major part of the building programme for the British Commonwealth Air Training scheme has been largely absorbed by an active home building demand, according to the Maritime Lumber Bureau.

Substantial quantities of lumber will be needed for wartime housing needs, especially in the East, the Bureau reports. Wartime Housing Ltd., a Government company organized to alleviate housing shortages, has granted contracts for over 2,000 houses and other accommodation in 10 Canadian centres from Halifax to Fort William, estimated to cost about $9.5 millions.

The amounts of unsold stocks of lumber on hand does not appear to be too plentiful, says the Bureau. Supplies of Douglas fir are reported from the west coast to be very low. "As far as we have been able to discover," the Bureau adds, "unsold stocks in the Maritimes are not particuarly excessive."

Prices being received by operators in Quebec and Ontario are said to compare favorably with United Kingdom prices. No definite prices have been set for manufacturers and wholesalers in the Maritime market. In British Columbia, the Timber Controller has approved an increase of 50 cents a thousand on all grades of fir logs; also increases over the previous established list of $1 on common and an average of $5 on "clears."

B. C. Power Profits Hold

Increase in gross operating revenue of British Columbia Power Corp. for the first half of 1941 was almost sufficient to offset higher operating expenses and taxes, with the result net profit available on the class A stock was equal to $1.14 a share. This compared with $1.16 a share in the like period of 1940.

Gross income from all sources to the end of last June totalled just short of $9 millions. This represented an increase of $801,573 over the first half of last year. Expenses, including taxes, increased $824,674, against which there was a minor decline in interest and preferred dividend charges.

Net Well Maintained

Net profit available on the class A stock for the first six months of 1941 was $1,146,924, compared with $1,164,025 for the like period a year ago.

Comparative figures on the current income follow:

June	1941 $	1940 $
Gross income	1,452,160	1,317,001
Expenses, etc.	1,159,051	994,468
Int. & pfd. divds.	186,666	187,686
Bal. A stock	106,443	134,867
Six Months Ended June		
Gross income	8,986,393	8,184,823
Expenses, etc.	6,717,477	5,892,803
Int. & pfd. divds.	1,121,995	1,127,995
Bal. A stock	1,146,924	1,164,025

National Biscuit Profits Gain

Net profit of National Biscuit Co. for the three months ended June 30, 1941, is reported at $2,494,937 after depreciation, federal taxes at proposed increase in rates, etc., equivalent, after dividend requirements on the 7% preferred stock, to 33 cents per share on the 6,289,448 common shares outstanding. This compares with net profit of $2,411,613 or 31 cents per share on the common stock for the same period of the preceding year.

Profits for the first six months of the current year, compiled from the company's quarterly reports, amounted to $5,283,803 as against $5,214,714 in the same period of 1940.

Commodities

Prices Strengthen In All Groups

Silk Up 50 Cents as Relations With Japan Cool

All along the line commodities have strengthened, with a steady increase in both industrial and agricultural items.

Silk featured the advance with a gain of 50 cents. This was to be expected following the development of tense relations with Japan. The latter country controls the world supply of natural silk.

A few years ago, severing of relations with Japan by the British and American Governments would have been followed immediately by skyrocketing silk prices. Accumulation of reserves on the one hand and the immense strides of silk substitute production on the other, have greatly lessened dependence on the natural supply.

Dominion Bureau of Statistics weekly index gained over half a point during the week but this was a mild advance compared with that scored by the Dow-Jones futures index. The latter jumped over three points and now stands over 25 points or 50% higher than a year ago.

	Latest week	Previous week	Same week last yr.
Cattle	$9.35	$9.25	$8.50
Hogs	14.90	14.75	11.85
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1791	.1697	.1019
Rubber, lb.	.2300	.2235	.22
Silk, lb.	3.57	3.05	2.52
Sugar, raw, lb.	.0355	.0350	.0265
Wheat, Man. (bu.)	.73⅞	.76½	.71⅜
Coffee, lb.	.1250	.1238	.07
Hides	.15	.15	.11¼
Weekly Indices			
Canada (D.B.S.)	91.2	90.6	82.0
Do., Wood, Gundy	75.3	74.8	65.3
U. S. Labor	88.3	88.1	77.3
Dow Jones (future)	76.83	73.43	50.84
Fishers	95.9	95.4	81.6
Monthly Indices			
Canada (D.B.S.):			
Retail (June)*	110.5	109.4	104.9
W'sale (May)	88.5	86.6	82.2
U. S. (May)	84.9	83.2	78.4
Gt. Brit. (Apr.)	150.9	151.0	....

Note:—The base of indices is that 1926 equals 100. *Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Raw Kans. No. 1 coffee, Santos. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

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B. C. Lumber Firms Look For South American Marts

From Our Own Correspondent

VANCOUVER. — While export business to the United Kingdom has not entirely disappeared as a result of the ship shortage, British Columbia lumbermen have felt it worth while to exhaust every effort to find alternative markets. One of them is South America, and last month more than 5 million feet was shipped there—more than the competing states of Washington and Oregon together shipped in that period.

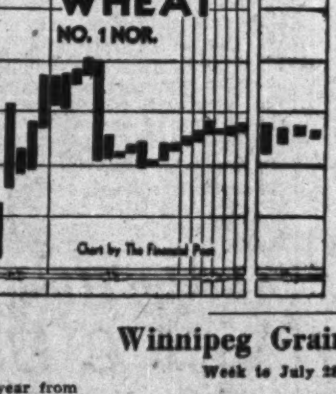
Whatever exports can be developed are of particular value because most of B. C.'s larger mills are equipped for that, and the necessity to bank more heavily on domestic trade has threatened congestion in transportation between the mills of Vancouver Island and the rail terminals on the mainland.

Temporary curtailment of export business due to a combination of factors in recent weeks has been concurrent with expansion of domestic trade—in Canada and the United States—to almost unprecedented proportions. Today most of the larger mills are preoccupied with domestic orders to the exclusion of exports—a situation in striking contrast to the market setup prevailing for nearly a decade.

This domestic business is primarily a rail operation and the volume of shipments is limited to the accommodation of barges operated by the two transcontinental railways between Vancouver Island and the mainland. This accommodation amounts to less than 90 carloads daily, and when it is considered that more than one sawmill on the Island produces more than that in 24 hours alone the potential difficulties are easy to foresee.

The supply of car-carrying barges cannot easily be augmented from other regions and to build new craft would take months. Just what the final solution will be is a matter for conjecture.

Wheat Prices



Cash Quotations

	For Week July 28 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.75⅞	.73⅞	.76⅞	.75¼
1 Nor.	.75⅞	.73⅞	.76⅞	.75¼
2 Nor.	.73¼	.71¼	.74⅜	.72⅜
3 Nor.	.71	.68⅞	.71⅞	.70⅜
4 Nor.	.70⅛	.68	.71	.69⅜
5 Wheat	.72⅞	.68⅜	.73⅞	.74½
6 Wheat	.71⅞	.67⅜	.74⅞	.73½
Feed	.60⅞	.58⅜	.61⅞	.61
Oats				
2 C. W.	.41	.40⅛	.41⅛	.39
3 C. W.	.38	.37⅛	.38⅜	.36¼
Barley:				
1 Feed	.52⅛	.49⅛	.54¼	.53
2 Feed	.50⅛	.47⅛	.52⅜	.51
Flax:				
1 C. W.	1.57¼	1.51	1.60	1.57½
2 C. W.	1.53¼	1.47	1.56	1.53½
Rye:				
2 C. W.	.54¼	.53½	.54⅞	.53⅜

Winnipeg Grain Futures

Week to July 28, 1941

Crop year from Aug. 1, 1940 High	Low		Open July 22	High for week	Low for week	Close July 28	Close year ago
		Wheat					
.81⅜	.71⅝	July	.76⅜	.76¾	.73⅞	.73⅞	.71⅝
.79⅜	.73⅞	Oct.	.78⅜	.79	.75⅜	.75¾	.73⅜
.80½	.77⅛	Dec.	.80¼	.80¼	.77¼	.77⅜	.74⅜
		Oats					
.41¾	.29½	July	.41⅛	.41¼	.39	.40¾	.29¼
.37¾	.30¾	Oct.	.37⅛	.37¾	.36⅞	.37⅜	.28⅜
.35½	.33	Dec.	.34⅞	.35½	.34⅛	.35¼	.26⅜
		Barley					
.57½	.39⅞	July	.56⅛	.58⅛	.51¾	.52½	.33¾
.49¾	.41⅞	Oct.	.49	.49¾	.47⅞	.49½	.34⅜
.48	.44⅛	Dec.	.47⅜	.48	.46⅜	.47⅜	.35
		Flax					
1.82⅜	1.29½	July	1.58	1.58	1.51¼	1.51	1.34½
1.79⅜	1.41¼	Oct.	1.52	1.52½	1.43⅜	1.43⅜	1.35½
1.53¼	1.43	Dec.	1.50	1.50	1.43	1.43	......
		Rye					
.64⅛	.47⅞	July	.53¾	.54¾	.53	.54¼	.46
.61⅜	.50⅛	Oct.	.55⅛	.55¾	.53⅛	.55⅜	.46⅜
.58	.53¼	Dec.	.55½	.56¼	.54⅜	.56	.46⅜

Week in Mining

Mart Undertone Strong As Eastern Front Holds

Mining Traders More Willing to Take on Commitments as Russians Appear to Hold Key to Nazi Blitzkrieg—Base Metals Sought

Mining market traders are viewing successful Russian resistance to the Nazi blitzkrieg as a cogent factor making for a steadier and stronger mining market than any other single development in many months.

Improved market sentiment has made itself felt across the entire board. Gold stocks have continued strong, with Kerr-Addison taking the lead. Base metal stocks have also joined in the market rise with substantial increases noted in the majority of issues.

Background for a continued rise is felt by many to be not unfavorable. Mining dividends, for instance, show a rise of 6.90% so far this year as noted elsewhere in this issue.

Base Metal Situation

General market buoyancy rather than specific new developments seemed to be the cause of the rise in base metals last week. However, International Nickel, Falconbridge Nickel, Consolidated Smelters and Waite Amulet Mines are all known to be expanding their capacity to cope with the growing metal demand in the United States and this probably helped stimulate interest in the base metal situation.

Strength in Waite Amulet Mines was attributed to a reported favorable ruling in the excess profits tax. If there was any new development in this regard, however, it was not known to company officials.

* * *

Up U. S. Nickel 20%

More details are now available on the scope to the new expansion by International Nickel Co. reported in this column last week. From Washington comes word that exports to the United States are to be boosted 20%. An announcement to this effect was made by O.P.M. following a meeting of the Material Co-ordinating Committee.

Canadian exports to the United States have been running 15 million pounds monthly, it is stated. On this basis Canadian production to help the United States armament effort means production of about 3 million pounds more nickel a month or 36 million pounds a year.

It was revealed this week that Falconbridge Nickel is also sharing in the expansion with Falconbridge's expansion to cost $1 million against International Nickel's $25 millions.

* * *

N.W.T. Output Gains

Gold production of the Northwest Territories continues to increase, reflecting steady expansion of mining operations in the Yellowknife area.

Four mines in operation there expanded their output to 31,001 oz. of gold in the first six months of this year compared with 24,799 oz. in the corresponding period of 1940. Further increases in production are now in sight. Mill capacity is being expanded from 150 to 350 tons daily at one mine while other mines are installing mills which will have a combined capacity of 275 tons daily. Prospecting is very active throughout the entire Yellowknife area and a number of promising prospects are under development.

* * *

New Malartic Mill

Plans are now stated proceeding for the purchase of milling equipment for another property in the Malartic area, this time West Malartic. Plant capacity will be 150 tons a day, it is unofficially reported, although some consideration is being given to ordering a unit with a 200-ton capacity.

From the information available it appears that a grade of $8 to $10 a ton will be treated, after allowing for dilution. Development of the property has been financed by United States interests and there has been no public offering of stock. It is thought likely that funds for mill construction will also be secured in the United States.

* * *

Smelter's Head Speaks

S. G. Blaylock, president of Consolidated Mining & Smelting Co., advocated all-out conscription of Canadian man-power in a speech before the Vancouver Board of Trade recently. In a time like this, politics should be placed aside and full support should be given to the Government in power, Mr. Blaylock believes.

With full conscription, Mr. Blaylock sees a more intelligent direction of our war effort. Under present conditions, many men who would be better employed in essential war industries at home are being persuaded to join the armed services, he pointed out.

Concerning Consolidated Smelters, Mr. Blaylock stated that the company had taken "many million dollars worth" of war orders on the understanding that not a cent of profit was to be derived from them.

Sladen's Profit Works Upward

Telluride Zone Shows Length of 350 Feet on 950-ft. Horizon

Operating profit increased to $33,702 at Sladen Malartic Gold Mines in the three months ended June 30, 1941, compared with $27,810 in the immediately preceding three months.

Higher operating profit resulted from lower operating costs which more than offset a slight decline in output.

Production for the June quarter of $202,008 was secured from 62,695 tons of ore for an average recovery of $3.22 a ton. In the three months ended Mar. 31, 1941, recovery had been $204,085, secured from 63,656 tons of ore, an average of $3.21 a ton.

Operating costs averaged $2.68 a ton in the June quarter against $2.77 in the three months before.

Downward extension of the telluride ore zone at the 950-ft. level has now been outlined by diamond drilling showing a length of 350 ft. averaging $4.25 a ton across an average width of 26 ft. taking gold at $35 an ounce. Further diamond drilling is now being carried out on this level to explore the area beneath the 2-4-4 stope.

A total of 3,107 ft. of lineal work was done in the second quarter against 3,173 ft. in the first quarter. Diamond drilling totalled 4,854 ft. against 6,630 ft.

Working capital showed an increase to $161,240 at June 30, 1941, compared with $136,260 three months earlier.

National Malartic Works At Depth

From Our Own Correspondent

MALARTIC, Que. — Crosscutting north from the 700-ft. of the Sladen Malartic workings is now being carried on by National Malartic Gold Mines to explore the westerly downward extension of the ore body previously opened up from the Sladen 350-ft. level.

Lateral development carried out some months ago on the 350-ft. level indicated recurrent lenticular ore structures over a length of 1,500 ft. with widths up to 30 ft. Tonnage exceeded 1,200 tons per vertical foot grading $6 to $6.60 per ton with $38.50 gold. The ore bodies have a southerly dip with National having a progressively increased protection at depth to the west.

Sinking of the shaft between the main south and main north ore zones has reached a depth of 340 ft. This shaft will be extended to 750 ft. with levels established at 340, 500 and 700 ft. depth. Shaft sinking will be completed around October, it is anticipated. The shaft is sited midway between the north and south ore zones with about 500 to 600 ft. of crosscutting necessary to reach each structure.

Exploration of the north ore zone is to be carried out on the 700 and first or second levels. The north zone has been indicated for a length of 700 ft. with a northwest strike and dipping steeply to the north. Ore widths of over 30 ft. were indicated. Many intersections ran over an ounce.

Finances are now being provided by Hollinger Consolidated and Noranda Mines.

Siscoe Dividend Met In First Six Months

Estimated net profit of $209,923 or 4.5 cents a share realized by Siscoe Gold Mines in the first six months of 1941 was slightly more than the 4 cents a share distributed in dividends during the period. Earnings, however, were below the 5.5 cents earned the first six months of 1940.

Production of $887,173 in the first six months of 1941 was secured from 118,541 tons of ore milled, an average recovery of $7.48 a ton. This compared with $918,856 from 115,658 tons of ore for an average recovery of $7.94 a ton in the first six months of 1940.

Operating costs and taxes were higher in the latest period but depreciation charges were lower.

Deal Pressed By Steep Rock

While official statement is lacking on negotiations for new financing for Steep Rock Iron Mines, a source close to the company states that "intensified negotiations" are continuing on practically a day to day basis.

"Money isn't really a problem now," according to this informant. "Several parties are willing to put up the money and lines along which the enterprise will be financed have been pretty well laid down. Other aspects of the situation are being worked out."

It is understood the problem of water diversion has been disposed of and that power supply negotiations are under way.

Is Town of Amos On Copper Body?

Staking of the town of Amos on a "big copper discovery" was reported from Amos this week. Only the bare details on the discovery were available at press time.

Staking is reported carried out by Robert Vaughan, mining engineer, and Emile Stonge, a businessman of Amos. Amos is a small town in the centre of a farming district and is somewhat northeast of the sector where most of Quebec's large gold mines have been developed.

George D. Kirkpatrick On Wendigo Board

Wendigo Gold Mines announces George D. Kirkpatrick of Toronto has been added to the Board of directors.

G. D. KIRKPATRICK

Mr. Kirkpatrick is a partner of the firm of Wood & Kirkpatrick, insurance dealers, Toronto, and is vice-president of Toronto Mortgage Co. He replaces the late Hugh Tudhope of Orillia on the Wendigo board.

Profit of Wendigo Gold Mines for the fiscal year ended April 30, 1941, is reported at $122,671 before allowance for taxes. Operating profit the previous year was $191,097 with net profit of $83,803 realized after all charges.

Sinking of a winze from the 1,100-ft. horizon to 1,700 ft. is expected to be completed about Sept. 1 with approximately half the sinking already completed. This will give four new levels for development.

Canadian Malartic Opens 708 Body

Operating Profit Off in Second Quarter of 1941—Costs Up

Opening of the new 708 ore body at Canadian Malartic Gold Mines is being carried out on the 1,000 and 1,125-ft. levels with most of the workings still outside of the ore body margins, E. V. Neelands, the company's consulting engineer, states in the quarterly report.

Stoping on the Boundary ore body is in progress but is still in the low-grade section at the bottom of the ore body above the 600-ft. level. Exploration east from the 708 ore body on the 875-ft. level has not yet discovered anything of importance.

Connect Shaft with Winze

The No. 2 shaft has now been connected with the winze workings on the 1,125-ft. level and the shaft is now being extended 100 ft. to service the ore pocket below the level.

Operating profits for the second quarter showed a decrease, amounting to $84,937 compared with $98,796 in the preceding three months and $94,647 in the second quarter of 1940. Costs were higher in the latest quarter due to the advance in prices of most supplies, it is stated. No allowance for depreciation is made in figures of operating profits.

Mill Boost in October

If equipment deliveries are not delayed, it is expected that the increase in mill capacity will come into effect in October.

Production for the second quarter of 1941 amounted to $312,470 from 68,836 tons of ore milled for an average recovery of $4.60 per ton. In the same quarter of 1940, $281,278 was recovered from 68,089 tons of ore with recovery averaging $4.13 per ton.

Perron Gold Mines has declared its regular quarterly dividend of 4 cents a share plus an extra of 1 cent a share, both payable Sept. 22, to shareholders of record Aug. 30. The distribution is subject to approval of the Foreign Exchange Control Board.

Bralorne and Sylvanite Enter Barraute Field

There has been no slackening of interest in Quebec's new Barraute-Carpentier field, Rosario Roux, the mining recorder at Amos reports. Many new parties are taking on interests in the area and numerous deals have been closed.

Bralorne Mines has taken a working option on the ground of Inspiration Mining and Development Co.—between Pioneer's Barrentier property and the property of the Vincent Prospecting Syndicate — and ground mapping and exploration is now being carried on. It is understood Bralorne plans drilling soon.

Sylvanite Takes Jolin

The field man of Sylvanite Gold Mines has been in the area and after examining properties, an option has been taken on the Jolin and Morasse ground in Carpentier and Barraute twps.

J. J. Harris, field man of Wright-Hargreaves, was in the area, but so far no acreage has been filed in that company's name. Teck-Hughes is reported to be considering shaft sinking after completing 6,000 ft. of drilling but no official confirmation is available on this point. In the meantime drilling is continuing.

Form Company on Vincent

Vincent Prospecting Syndicate will proceed with the formation of a company to take over their ground, enough funds having been raised for this purpose and also to allow a programme of exploration on the property which, it is expected, will get under way shortly.

Waite Amulet Tax Rumor Unconfirmed by Officials

Rumors the excess profits tax status of Waite Amulet Mines had been favorably settled boosted market prices from $3.50 to $4.40 a share last week. But up to mid-week officials at head office had not been advised of any ruling at Ottawa, they told The Financial Post.

As far as officials are aware, there has been no change in the tax position of Waite Amulet since the last annual meeting. The company feels that it is entitled to treatment at least as favorable as that for other companies, but a Government ruling has been withheld.

Use Maximum Tax Figure

Until a favorable ruling is secured on the excess profits tax, the company has been calculating it at the maximum which the company can be called upon to pay. On this basis, earnings in the first quarter of 1941 were equal to 12.93 cents a share, representing 1.20 cents a share of direct earnings and 11.73 cents a share of earnings from the subsidiary, Amulet Dufault Mines.

The company is unlikely to benefit from any zinc purchases that might be made in Canada by Metals Reserve Co., the United States metal buying agency. Waite's production facilities are now being expanded to step zinc output capacity up to 300 tons daily, but all of this is to be marketed under long term contract as the company's contribution to meet demands of the war effort both here and in the United States.

The prospect of benefit from a higher zinc price is not regarded as great, but the picture might be different if the U.S. tariff on zinc were lifted. It is noted the Metals Reserve Co. pays no tariff on its purchases.

Week in Oils

Brighter Outlook

From Our Own Correspondent

CALGARY.—It takes time to locate, finance and commence drilling in search of crude oil. But it is already evident that the gradual blackout of new development, so apparent in May, June and early July, is giving way to a brighter outlook.

The number of Turner Valley drilling wells has risen from its July 1 low of 20 to 23, and various negotiations now under way indicate that others of the seven or eight rotary jigs still idle will soon go back to work. In other fields last week three new wildcat ventures were located and will go on the drilling list shortly, putting back on the active list a few of the dozen or more good rigs that have been in cold storage.

Credit for the brightened development outlook goes partly to Dominion Oil Controller Cottrelle, who recently ordered a long delayed crude oil price increase of 27 cents per bbl. and a boost in natural gasoline prices of 34 cents to 36 cents. Now, say oil operators, if the Alberta Government will only adopt a more favorable attitude toward the oil industry, there is every reason to expect that oil field development in the province will move to record-breaking levels.

* * *

Post View Confirmed

That the recent gradual drilling blackout would be costly, and would mean a critical oil shortage on the prairies this fall and winter, is a view expressed in The Financial Post for many weeks.

A few days ago that view was confirmed by the Dominion Oil Controller. In a press release he stated:

"It is almost certain that the Prairie Provinces will require the importation of 1 million bbls. of crude oil, or its equivalent in motor fuel, to meet the indicated market (between now and the end of the year). To what extent that volume of oil will be available in Montana, the logical source of supply, is uncertain. Certainly what is available will be costly."

Declaring that a 17% increase in consumption has absorbed most of the 1,290,000 bbl. increase in Alberta production in the first half of 1941, Mr. Cottrelle stated that the outlook for the last half of 1941 is not promising. He added:

"We are in approximately the same storage position as we were a year ago, and are facing a greater market with no greater production, and the distinct possibility of less production in the final six months of 1941."

* * *

Drilling Progress

Another Alberta "wildcat" has reached the Madison limestone, productive formation of Turner Valley and the prospective horizon in many other Alberta areas. The well is Northwest Treaty No. 1, located on the Blood Indian reserve southwest of Lethbridge. The lime was topped last week end at 6,010 ft., drilling was halted at 6,038 ft., and production casing was cemented to 6,033 ft. Cement will be drilled out and testing for oil possibilities started in the immediate future.

Other news from outside Turner Valley features announcements of three new drill sites in promising semi-proved areas, Princess, Vermilion and Moose Dome.

Standard Oil of British Columbia and the McDougall Segur Exploration Co. have joined forces for a new Princess Field venture, C. P. R. No. 1, to be drilled in L. S. D. 3 11-20-12w4, about a mile southwest of the Standard Princess Nos. 2, 3 and 4 wells. The well, to be drilled with powerful Diesel rotary by the Can-Tex Drilling Co., will be spudded in during the coming week. Standard and McDougall Segur have pooled acreage totalling one and a quarter sections.

In the Vermilion Area, the E. L. Cord interests have located Western Battleview No. 3, in L. S. D. 4 29-48-5w4, and will get drilling under way in the very near future, using Diesel-powered rotary equipment.

Vancouver interests have located Dome Oil & Gas No. 2 well on the Moose Dome structure, and will commence it in the near future as a small-diameter diamond-drill test hole. Location is in L. S. D. 1 17-22-6w5.

Aunor Boosts Ore Reserves

Approximately Twice as Much New Ore Developed as Milled in Six Months

Approximately twice as much new ore was developed on the new 1,125 and 1,260-ft. levels of Aunor Gold Mines in the first half of 1941 as was put through the company's mill during the period, President J. A. Mitchell informs shareholders in the semi-annual report.

About 1,600 ft. of drifting has now been done on the 1,125-ft. level and 1,200 ft. on the 1,250-ft. level.

Earns Nine Cents in Six Months

Estimated net profit of $180,068 was realized in the first six months of 1941 equal to nine cents a share. Profit for all 1940 was $477,967 or 24 cents a share.

Production, after marketing expense, was $754,200 in the first six months of 1941 from 76,592 tons of ore milled, an average recovery of $9.85 per ton. An average of 423 tons daily was treated during the period and mill heads averaged 0.268 oz. against 0.294 oz. in 1940.

Payments on the company's Arbutus claim have amounted to $86,670, leaving $213,330 still payable under this option agreement.

Details of results the first six months of this year are as follows:

Earnings Statement
6 Months Ended June 30

	1941
	$
Production after mktg. expense	754,200
Less: Operating expenses	438,382
Reserve for taxes	40,000
Net operating income	275,818
Add: Other income	1,850
Less: Res. for deprec., est.	52,000
Def. devel. w/o	45,600
Estimated net profit	180,068
Est. Earnings per Share	$0.09

Central Cadillac Plans To Sort Out Waste

Belt sorting of waste rock is planned by Central Cadillac Gold Mines, to maintain a more stable grade of ore for the mill. It is probable that the belt will be in operation in a month or six weeks.

Considerable fluctuations in grade have been experienced by Central Cadillac in the past. June grade was around $7 a ton which allowed a margin of profit. July mill heads were lower due to dilution, however. It is expected that the picking belt will result in discard of 20 to 25% of "break" as waste.

Development material will be particularly susceptible to sorting, it is believed, and as high as 40% of this material may be sorted out. Cost of trucking ore to the Thompson Cadillac mill will be cut.

Hudson Bay Profits Show Big Increase

Estimated net profit of $3,296,993, equal to $1.19 a share was realized by Hudson Bay Mining and Smelting Co. in the six months ended June 30, 1941, compared with $2,610,732 or 95 cents a share for the corresponding period of 1940.

Figures in each case are after deducting all operating costs including administration, depreciation, and all taxes, but without any provision for depletion. Most Canadian mines do not charge depletion before calculating net profit.

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St. Lawrence Figures Largely In U. S. Power Defense Plan

From Our Own Correspondent

MONTREAL. — Plan to provide adequate power supply for the United States defense programme in 1943-46 includes the development on the international section of the St. Lawrence River of 550,000 kw. by 1944 and an additional 350,000 kw. by 1945.

Chairman Leland Olds of the Federal Power Commission, in a communication to President Roosevelt, says that since 1939 the Commission has been developing a plan which, when the necessity arose, could serve as a basis for mobilization of the capacity to manufacture steam and hydro generator units to meet the requirements of the defense programme.

Big Load Envisaged

This plan is based on the necessity of preparing for defense expenditures which, by 1943, will be running at $3,000 millions a month. Translated into power this means the defense load will be approximately 20 million kw., of which 11 million kw. is assumed to represent displacement of normal load.

Chairman Olds' plan provides for additional capacity of 3,500,000 kw. by 1946. Capital outlay involved has run close to $1 billion.

Part Self Liquidating

The funds which Reconstruction Finance Corp. would be required to advance to keep the equipment companies producing turbine generators and generator units at full capacity are placed between $150 millions to $200 millions a year. There is no question about this investment being self-liquidating, says the Chairman, as all the proposed units would be installed in the normal course of events.

Total investment in steam stations will average about $75 millions to $100 millions a year in addition to the cost of generator units. This investment is expected to come largely from private sources.

The total investment in hydro projects, including dams, reservoirs, power houses, etc., but exclusive of the cost of generating units, will average about $170 millions a year, of which more than one third will be available for flood control, navigation and other benefits.

Water Flow Hits Broulan Profit

Forces Release of Part of Commitment on Shs. of Bonetal Gold Mines

When a heavy flow of water came down fill passes at Broulan Porcupine Mines early in the June quarter, production was affected and profit was only $77,229 or 2.9 cents a share before federal and provincial taxes. In the preceding quarter a $119,850 profit equal to 4.4. cents a share was realized on the same basis.

Production in the three months ended June 30, 1941, totalled $239,849 against $285,376 the preceding three months.

Lower Grade Cuts Mill Heads

Due to the water it was found difficult to mine or backfill on anything like a normal basis in the first part of the quarter. As reported at the last annual meeting, a large volume of lower grade ore from the walls of the ore bodies is being mined, resulting in lower mill heads but increasing materially tonnage and total value of ore mined as compared with ore indicated.

As a result of the lower profit for the quarter, the increased income tax rate and in order to build up the working capital position of the company, a block of shares of Bonetal Gold Mines — 190,000 shares — which was held under contract was released. If remaining options and underwritings are exercised, however, the company will hold one Bonetal share for each three shares of Broulan outstanding.

Completion of the Bonetal shaft with crosscutting under way on four levels is reported. Underground work should yield some indication of the ore-making possibilities of the Bonetal property during the current quarter, it is stated.

Dosco Pig Iron Output Lower

From Our Own Correspondent

MONTREAL.—Pig-iron production at the Sydney mill of Dominion Steel & Coal Corp. during June totalled 31,000 tons.

This is the lowest monthly output reported by the company since April, 1940, and brings production for the first half of 1941 to 197,000 tons. This contrasts with 192,000 tons for the like period of 1940, a gain of 5,000 tons.

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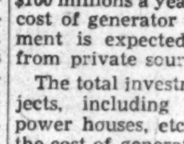

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Letting the Vegetables Rot

Petition Against B. C. Vegetable Marketing

From Our Own Correspondent

VANCOUVER—Mounting protest against the operations of British Columbia's vegetable marketing board has culminated in the circulation of a petition among growers of the Fraser Valley and lower mainland areas, asking that potatoes and vegetables be removed from the board's control.

Hon. K. C. MacDonald, provincial Minister of Agriculture, gets the petition. But in view of his outspoken advocacy of controlled marketing, it is considered doubtful whether the situation will be given effective attention by the government until the next session of the legislature. Then opposition guns will be trained on the regulation which in recent weeks has resulted in wholesale waste of foodstuffs.

The petition claims that the vegetable board has shown favoritism toward certain growers who have been able to obtain "fictitious and inflated prices" for their produce. It is charged that the "favored few" number less than 600 out of a total list of growers numbering more than 5,400.

The petition continues:

"The board will neither sell nor allow the producers to sell their products, as provided for under the British North America Act, thus creating a deadlock in free distribution and a serious restraint to trade and commerce.

"Time-honored methods of distribution have been destroyed by the creation of the vegetable marketing board and its personnel, while at the same time the steadily rising prices of commodities that are deliberately being destroyed are creating great hardships and discontent among all classes of the consuming public.

"From the consumers' standpoint, the board has made it impossible to secure fresh garden truck. It is stale and often spoiled before it can be used by the housewife, having in many instances been thrown away. The methods of the board are too slow and cumbersome.

"The former system of direct delivery from producer to consumer assured plentiful and cheap supplies of all the common vegetables used .... It is claimed by the board that there is too much production. We deny this in face of the fact that there are thousands of our people who have to do without vegetables owing to lack of proper distribution and excessively high prices. . . . The board seems only interested in the maintenance of high prices."

Growers claim that in some instances there is a spread of nearly $17 per ton between what the consumer pays and the producer gets despite the comparatively short distance between the two participants in the deal.

The grower pays $2 for sacks required for a ton of potatoes. Another $2 is required for trucking, sometimes $3. The agency charge is $1 a ton and the board's charge also $1. The wholesaler gets $4 a ton for handling and the retailer $7. Thus there is a spread of $16.80. Then there is the loss to the grower that often follows from allowing the vegetables to lie unsold in warehouses.

The marketing board denies most of these charges and claims that the purpose of the opposition is to play into the hands of Chinese truck gardeners who have most to gain from an unregulated market.

An investigator this week made an unofficial survey of some of the big truck gardens of Lulu Island, near Vancouver. He reported that Chinese were not the only growers suffering from the board's policies; that many white farmers were losing, too; that hundreds of tons of potatoes were being allowed to rot for lack of marketing facilities; that cabbage fields covered with crop were being plowed under because the marketing board would not allow the vegetables to reach the market and thus break the price.

One grower is quoted saying that he produced 300 tons of potatoes this year, but the board allowed him to sell only 100 tons; the balance is rotting and will never be consumed.

Alaska Highway, Yukon Union Are B. C. Election Issues

From Our Own Correspondent

VANCOUVER.—During the coming campaign, late in October, Premier Pattullo intimates that the Alaska highway and proposed annexation of the Yukon will be advocated. Establishment of an iron and steel industry will also be discussed, based on a report by the Arthur G. McKee Co. of Cleveland, which the Government has not yet published.

The general expectation is that the Pattullo Government will be returned, but with a reduced majority. Several months ago there was widespread dissatisfaction over the co-operation the Pattullo Government gave Hepburn and Aberhart in upsetting the Dominion-Provincial Conference on the Sirois recommendations, but the Government has waged a rearguard action since then and regained some of its lost ground by effecting a belated reconciliation with Ottawa, stepping out of the income tax field and promising additional aid if necessary.

The Conservatives, led by R. L. "Pat" Maitland, are organizing for a vigorous campaign, and so are the C. C. F. leaders, who will be headed by youthful Harold Winch.

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Nine New Gold Mines Now in 'Major League'

Qualify for Senior Gold Rating — Kerr-Addison Biggest of New Crop

By GORDON M. GRANT
Staff Writer, The Financial Post

One of the biggest problems Canadian mining has been facing in wartime has been the decline in prospecting and growing signs of possible mine exhaustion at certain "senior golds" across Canada, notably in the Kirkland Lake area.

Canada is a young mining country and few major mines have so far had to close down because of mine exhaustion. But mine exhaustion is a natural stage in mine evolution and it will be experienced on an increasing scale in the future because Canada has many more mines than ever before.

But if signs of mine exhaustion at certain mines have been alarming, emergence of new "senior golds" is indeed encouraging. About 1934, when Little Long Lac commenced production, no new gold mines of major importance had been brought into production for years. The next few years brought literally scores of new gold mines but they were usually small mines, hardly comparable to the great oldsters or the Porcupine and Kirkland Lake area.

But by now it would seem that at least nine new "senior golds" have been developed; mines that are really great with great futures indicated ahead of them. Several of them started out as small mines; greatness has only been gradually unfolded. Price per share doesn't always mark the importance of these new mines because a large capitalization sometimes hides the fact that a mine really has achieved success.

The nine new seniors that seem outstanding for their ore disclosures, growth—and possibilities of still further growth—are Kerr-Addison, Bralorne Mines, Sigma Mines, Preston East Dome, Macassa, Lamaque, East Malartic, MacLeod-Cockshutt, and Upper Canada. Chesterville may be another if exploration at depth "comes through."

Kerr-Addison

Kerr-Addison Gold Mines, from present indications, is the most important gold mine opened up in Canada in more than a decade. Dimensions of ore on the upper levels, broadening of ore disclosures around the 1,300-ft. level—the most fully developed deep level—and improvement in ore structures at depth, all suggest that growth at this mine is still far from over.

Opening a block of 10 new deep levels, just starting, will take perhaps two years. From it is expected a real indication on the ore potentialities at Kerr-Addison. It is too early to talk with certainty on future expansion but large tonnages of ore at depth—plus depth possibilities—suggest an increase in mill capacity from perhaps 2,000 to 3,000 tons daily when new levels are ready to deliver ore.

Bralorne Mines

Bralorne Mines is an older operator whose real possibilities have been revealed only in the last few weeks. In this case, carrying of exploration to depth well in advance of actual milling requirements, has paid important dividends. Rich ore has been disclosed. While mining is still being concentrated in the upper reaches of the mine, exploration has disclosed the downward continuation of high-grade ore right to the 2,000-ft. level. It is obvious that the four years plus ore shown in the last annual report—represent but a small proportion of the present indicated ore supply from depth development.

In milling, a little better grade of ore is treated than is shown in ore reserves but the tendency has been to increase milling rate slightly to allow treatment of a slightly lower average more in line with the reserve figure.

Sigma Mines

The length of the ore-bearing break at Sigma Mines in the Siscoe-Lamaque area is one of the most impressive things in Quebec mining.

There seems no doubt about its being a major ore-carrying structure, and that Sigma ranks as a "senior gold." Sigma officials have tended to be conservative about the matter of expansion. The policy has been to let the increase in ore reserves force expansion rather than stepping up mill capacity and then making the mine produce the necessary ore.

Since the outbreak of war, expansion has been carried along somewhat more rapidly in order to aid the Dominion's foreign exchange position. In spite of this expansion which has raised production from $185,000 to $250,000 monthly in the course of a year, ore reserves have been steadily increased, passing the million-ton mark at the end of last year. Reserves are well over three years' requirements even at the increased milling rate. From the increase in the production rate, it appears obvious that 1941 earnings will exceed the 59 cents of 1940 by a wide margin. While workings have been carried to the sixteenth level with favorable indications to the lowest developed horizon, most work has been concentrated on the upper levels and ore reserves are calculated down to only the eighth level. A large increase in ore reserves by a relatively limited amount of further development is a distinct possibility.

Preston East Dome

Major expansion is the order of the day at Preston East Dome Mines. An increase in mill capacity from 500 to 1,000 tons daily will be placed in effect before the end of the present year if no unexpected delays occur. A somewhat lower average grade of ore—more in line with the average in ore reserves—is expected to be treated at the higher milling rate, but a substantial increase in profits over the present 38 cents a share per annum rate is indicated.

Expansion in production is being pushed at Preston East Dome to aid the Dominion Government with a large output of gold. Development may not be completely ready to handle the higher production rate when the doubling of the mill is first completed but this situation should be corrected the early part of 1942.

As revealed in the company's recent report, diamond drilling at depth indicates a minimum of 1,500 tons of ore per vertical foot or 1.5 million tons of ore per 1,000 ft. of vertical depth. When development opens up the block of new levels, however, it is possible that tonnage will run two to three times as great. Several diamond drill holes put out from stations at the lower horizons showed tremendous ore widths. Development results could be very interesting to say the least.

Macassa Mines

Macassa is a relatively new mine in an old field. Situated at the west end of the Kirkland Lake field, Macassa was fortunate in finding return of rich ore values after the main Kirkland Lake zone suffered a "pinch" in the Kirkland Lake Gold Mining Co. sector next to the east.

Each year has shown a gradual growth in ore reserves at Macassa Mines. At the end of 1934, ore reserves were only 84,196 tons averaging $18.84 per ton. By the end of 1940, reserves had been increased to 453,900 tons averaging $17.32 per ton—enough ore for over three years at the current milling rate of around 410 tons daily.

While workings have been carried down to the 4,250-ft. level, most work has been done on levels between 2,475 and 3,875 ft., none of which has been fully developed as yet. Besides its mine proper, Macassa is participating in financing exploration of the adjoining Casakirk and Amalgamated Kirkland properties from its own 3,000-ft. level. Finding of ore on either one of these properties could be of first importance.

Another "arrow in the quiver" is Renabie Mines in which Macassa is expected to hold a 77% interest when financing is completed. Renabie has completed its shaft to a depth of 300 ft. to open up a large tonnage low-grade deposit estimated from drilling to contain 320,718 tons of ore with a grade of $7.28 a ton uncut or $5.87 cut.

Last Macassa mill expansion was in 1938 when the mill was stepped up from 275 to 400 tons daily. Since then, work has been concentrated on getting shafts down to depth. Completion of further depth development may result in further expansion.

Lamaque Gold Mines

Operations at Lamaque Gold Mines—like those at Macassa—appear fairly well stabilized around present levels. Further expansion may come but it does not appear likely in the immediate future.

Ore reserves at Lamaque are gradually nearing the million ton mark, amounting to 919,950 tons of $10.05 grade at the end of May. On the present milling rate of 1,250 tons daily, this ore is sufficient for 2½ years milling.

Earnings have dropped off somewhat from the peak of 67 cents a share for 1939 and are now running about 10 cents a share per quarter. Lower average grade of ore treated and higher taxes have been important factors in the easing of net profits.

Development has been almost entirely confined to the section from 2,400 ft. to surface so far although a shaft has been extended to the 3,000-ft. horizon. Limited work at the 3,000-ft. level has disclosed ore, suggesting that a large tonnage of ore is now available between the 2,400 and 3,000-ft. levels.

East Malartic

East Malartic Mines is one of Canada's newest and largest gold mines but one that has suffered growing pains. Unforeseen difficulties due to dilution from wall rock and unusual mine operating conditions proved embarrassing. When there were not enough places to draw ore from, a sharp drop in profits from the 39 cents a share realized in 1940 was experienced. Only 10 cents a share was earned in the first six months of 1941. As reported in The Financial Post last week, opening of many new stopes at depth is expected to allow not only a restoration of a higher grade of mill feed but is also expected to allow treatment of perhaps as much as 2,000 tons of ore daily. If output climbs to $300,000 monthly, as is now anticipated, much of the old earning power will be restored in spite of the increase of $1 a ton due to a change-over in mining methods.

Ore is the secret of success in every mining operation. East Malartic has always had plenty of ore since the big boundary deposit was first opened up. Difficulties have been chiefly in getting the ore out. Development at depth has been revealing just as much lower down—with just as good grade—and it is quite possible that a large increase in ore reserves may be shown at the end of the present year. Surface diamond drilling has indicated an important new ore body to the east which is now being developed on the 485-ft. level. Development of this deposit may be another source of increased reserves for next year when this section gets more fully explored.

MacLeod-Cockshutt

MacLeod-Cockshutt — like East Malartic—has been engaged in solving problems. At MacLeod, however, it has not been a problem of mining methods but chiefly a problem of securing a good extraction of gold values.

MacLeod has opened up a new ore body of major proportions and expenditures on its further development are tending to hold down profits and dividend distributions. This may be regarded as a temporary state of affairs which will probably disappear before the end of next year.

Metallurgical difficulties at MacLeod-Cockshutt have resulted in considerable capital expenditures to deal with arsenic in the ore. A new magnetic separator is scheduled to come into operation during August with a capacity of 200 tons daily. This separator will allow a discarding of magnetite found with the ore which contains only low gold values. On the basis of ore disclosures, a further increase in the milling rate is warranted. This is being delayed somewhat for determination of the best metallurgical way of handling new ore.

In the north and west ore bodies over 4,500 tons of ore per vertical foot are indicated at the third level, indicating the large tonnage character of the mine.

Upper Canada Mines

Work at Upper Canada Mines the last two or three years has revealed what appears to be an important east Kirkland Lake break. Most of the ore has so far been opened up in what is known as the "H" ore zone where recurring ore lenses have been found. A new shaft is now being sunk in the western section of the property following a programme of diamond drilling which indicated important mine-making possibilities in that direction. The two shafts will be connected underground.

Besides indications that mine dimensions will be extended laterally, exploration at Upper Canada has been revealing good ore at depth—on the 1,000-ft. level—as shown in the recently-issued annual report. On July 15, the president stated there was at least three years' ore in sight.

Production and profits have been stepped up rapidly by Upper Canada with mill capacity now in excess of 200 tons a day. Queenston Gold Mines has been formed to take over Upper Canada claims to the south and other adjoining claims. Upper Canada will finance this company which is considered to be a good prospecting bet from old drilling results. Upper Canada has underwritten 100,000 shares of the new company at 25 cents a share.

New and Coming "Senior Golds"

	Issued Capital Shares	Mill Capacity Tons	Ore on Hand Years	Earnings Rate at Present	Current Dividend Rate
Bralorne Mines	1,247,000	550	4½	$1.22	$1.20
East Malartic	4,000,000	2,000	4	0.20	0.30
Kerr-Addison	4,730,301	2,000	7	0.50	0.22†
Lamaque	3,000,000	1,250	2½	0.41	0.35†
Macassa	2,678,068	410	3	0.40	0.32*
MacLeod-Cockshutt	2,862,490	650	4★	0.17	......
Preston East Dome	3,000,000	500‡	4•	0.40	0.30
Sigma Mines	1,000,000	1,100	3	0.70	0.30†
Upper Canada	2,963,009	200	3	0.17	0.16

*Plus extras. †Declared so far in 1941. ‡Capacity being doubled.
•To 685-ft. level only. ★Definitely proved ore.

Mining Concentrates

Aunor Gold Mines has declared a dividend of 4 cents a share payable Sept. 3 to shareholders of record Aug. 3. This is the third dividend of 4 cents a share to be paid.

* * *

Base Metals Mining Corp. maintained production at capacity in the second quarter except for a two-weeks shut down in June for major mill repairs and overhaul. An increasingly large proportion of ore is coming from the Kicking Horse mine where grade is somewhat lower than in the Monarch ore bodies. Zinc and lead prices remained fixed in the second quarter. Estimated operating profit was $93,508 in the six months ended June 30, 1941. Balance of bank loan was paid off in June.

* * *

B. C. Magnesium Co. has awarded a contract for 2,000 ft. of diamond drilling to C. C. Keyes. This programme is for the purpose of determining the extent of the magnesite deposit recently reported on by H. C. Wilmott. It was expected diamond drilling would be well under way before the end of July with a water line completed a mile into the property.

* * *

Berens River Mines realized a net profit of $183,620 before depletion in the six months ended June 30, 1941, compared with $159,801 for the corresponding period of 1940. Production was $751,469 the first half of this year compared with $676,877 in the previous year.

* * *

Grandoro Mines reports a net profit of $5,682 for the fiscal year ended Mar. 31, 1941, compared with $7,710 in the previous fiscal year. Balance sheet as at Mar. 31, 1941, shows $234 cash, $7,074 receivables, and investments and advances of $229,621. Current liabilities were $17,785.

* * *

Hayes Cadillac Mines has completed arrangements for allotment to its shareholders of the pooled shares of Winchester Mines, without any change being made in the capital structure A fixed assessment is being made by the company in connection with the distribution so that shareholders will not have to pay anything. Shareholders of record Sept. 1 will receive one share of Winchester Mines on each 10 shares of Hayes Cadillac held. Shareholders will be entitled to receive shares of Winchester on expiry of the pool.

* * *

Jerome Gold Mines has construction of its mill proceeding satisfactorily with the 500-ton unit now ahead of schedule. Production is expected to start some time in August. Drifting on new levels at 650 and 800 ft. is now under way but is not sufficiently advanced to allow lateral diamond drilling to determine widths and values.

McKenzie Red Lake Gold Mines opened up 1,000 ft. of new ore in the second quarter of 1941 in the northeast area with development still in its initial stages. This included 600 ft. of ore on the 450, 650 and 850-ft. levels in the new area. The 650-ft. level is the most fully developed of these three levels and already has shown ore lengths totalling over 900 ft. On the 1,250-ft. or bottom level, a long crosscut west has cut 15 ft. of quartz in new ground. On the hangingwall side a section ran 0.32 oz. over 5 ft. on the south wall and 1.5 oz. over 4.5 ft., on the north wall. Production of $255,011 in the June quarter was secured from milling 26,125 tons of ore.

* * *

McMarmac Red Lake Gold Mines treated 7,462 tons of ore in the second quarter of 1941. Recovery was 3,630 oz. of gold of which 22.6% was in the form of flotation concentrates. Deepening the shaft for two further levels below the 450-ft. level is now under way.

* * *

Normetal Mining Corp. treated a much greater tonnage in the six months ended June 30, 1941, due to increased Diesel-generator capacity installed during early winter. Operating profit for the period was $356,471 subject to such adjustments as may be necessary in respect of the contract with the British Ministry of Supply. The bank loan has been materially reduced since the end of the year. Drifting and lateral diamond drilling on the 2,000-ft. or bottom level shows the ore body to be larger than indicated in the previous diamond drilling from the 1,400-ft. level.

* * *

Porter Idaho Mining Co. properties are being offered for sale by N. P. Langford, liquidator, of Premier, B.C. Tenders for property and equipment must be in the hands of the liquidator by Aug. 20 to be considered.

* * *

Powell Rouyn Gold Mines has indicated a parallel vein by exploratory diamond drilling from the 1,550-ft. level, according to President L. M. Keachie. The vein is stated to be similar in structure to the main vein, lying about 300 ft. to the west. A crosscut is now being put out to explore this section. Four cores returned the following assays: 1.7 ft. running 0.88 oz.; 2 ft. running 0.16 oz.; 3 ft. averaging 0.08 oz.; and 1.5 ft. averaging 0.09 oz.

* * *

Young-Davidson Mines is reported to have realized an operating profit of $88,663 in the three months ended June 30, 1941, compared with a $63,771 operating profit in the immediately preceding three months. Production the June quarter was $361,299 from milling 99,885 tons of ore, an average of $4.06 per ton, compared with $345,363 from 82,231 tons of ore and an average of $4.15 per ton in the immediately preceding three months.

Terrace Oil To Drill On Manitoulin Structure

A three-well drilling programme is being planned by Terrace Oil Co. to test oil possibilities of 3,000 acres of leases held by the company in Assiginack twp., Manitoulin Island. Officials feel that chances of success in this section are much greater than for several previous Manitoulin Island tests which gave encouragement and proved oil possibilities.

Terrace Oil Co. secured its leases after a survey of portions of the Island of Manitoulin by Dr. W. A. Kelly, consulting oil geologist of East Lansing, Michigan. Dr. Kelly's survey indicated a large terrace oil structure in Assiginack and Terrace Oil Co. secured leases covering this structure. Sites for three wells to test the structure were selected by Dr. Kelly whose survey was probably the most complete on oil possibilities of Manitoulin Island in recent years.

Oil Known to Jesuits

Oil has long been known on Manitoulin Island and is believed to have been known to the Jesuits who ministered to the Indians in 1648. The Indians believed the oil to be a spring flowing from the Great Manitou; they used the oil for medicine. Many wells were drilled in the early years of this century which secured oil in at least three sectors of the island.

Unfortunately, as M. Y. Williams noted in his 1937 Manitoulin Island report for the Dominion Department of Mines and Resources, drilling during early boom days was interrupted by troubles with the Indians and later drilling was done quite regardless of geological structure.

Dr. Kelly's Report

The structure found last year by Dr. Kelly is between Lake Manitou and South Bay. It is described by Dr. Kelly in his report as follows:

"A modified terrace structure exists to the east of the village of Sandfield. It extends from Lake Manitou to South Bay in an easterly direction through Assiginack twp. and there is a suggestion it parallels the Sheguiandah and Wikimikong-Manitowaning structures.

"The evidence for the structure within the area investigated is clear. Elevations on the white dolomite member at the top of the lower lockport at several localities northeast of Eagle's Nest, indicates a uniform dip of about 50 ft. per mile over a distance of about three-quarters of a mile. Outcrops of the Manitoulin dolomite, two and one-quarter miles northeast of Eagle's Nest, indicate that a similar upward inclination continues for more than a mile and a half. We may speak of this area northeast of Eagle's Nest as the north flank of the terrace."

No Shares For Property

Terrace Oil is believed to be unique in that none of its 150,000 share authorized capital has been issued for properties. The only royalty is that of 12½% to the Government.

Most of the wells drilled on Manitoulin Island have been put down to a depth of around 500 ft. The potential oil-producing zone is believed to be buried slightly deeper on the Assiginack terrace and drilling to a depth of 1,000 ft. is planned. Cost of each of three wells is expected to average not over $3,500. The trenton structure—in which previous oil has been found—is expected to be encountered around 700 ft. depth. It is pointed out that figures on depth must be considered approximate.

Mining Enquiries

Wright-Hargreaves

In view of the decline in the price of shares of Wright-Hargreaves Mines, I am deeply concerned about the intrinsic value behind the company's shares. Please give me whatever information you can on this point.

—

At the end of last August, Wright-Hargreaves Mines had sufficient ore in reserve for 3½ years' operations, according to the statement of Maurice Summerhayes, the company's managing director and general manager. On the basis of 77 cents a share earned in the latest fiscal year, this ore reserve would mill out to a profit of $2.70 a share. Besides this, working capital last August was equal to approximately 80 cents a share. This gave a total of $3.50 a share as an apparent minimum "break up" value. Of course, the company has a large mine and routine operations may be expected to yield a large tonnage of ore in addition to that actually blocked out. This is the experience of all really large mines.

The Financial Post does not know the entire picture at Wright-Hargreaves and is endeavoring to secure a full report for shareholders.

Steep Rock

While I have seen considerable information on Steep Rock Iron Mines lately, I have not noted any actual report of large scale operations being started. Has this been arranged or just what is the position?

—

Steep Rock Iron Mines has passed two important milestones on the way to eventual commercial production, officials believe. The company has been classed as a war industry and as such will secure special treatment from taxation viewpoints and can expect to receive necessary steel, equipment and explosives when and as financing arrangements are finally announced. Just as important, however, is the announcement that two outstanding American mining men, an engineer and a geologist, have made a report in which they announced their belief that the Steep Rock ore bodies are high grade hematite, that they extend to depth, and that they may be mined commercially.

From diamond drilling carried out in the early stages and more recently, it is now apparent that the company has many million tons of desirable hematite ore. Before the company can be assured of success, however, there are at least three important points that must be cleared up. First of all, permission must be obtained for the diversion of the waters of Steep Rock Lake. Then the company must arrange a supply of power and also arrange for removal of a power plant located in the area. With these things satisfactorily settled, actual financing of development must be arranged. What the developments will cost is difficult to state as yet. It appears, however, that an expenditure of $6 to $8 millions will be involved. While this amount is large, officials do not consider it excessive in view of the ore resources available to the company.

Recent strength in the company's stock may be due to further but announced progress in the company's plans.

Falconbridge Net Moves Higher

Company to Spend Million Dollars on Further Plant Expansion

The highest quarterly profit since the company's refinery in Norway was lost is reported by Falconbridge Nickel Mines for the three months ended June 30, 1941. Profit for the period, after all charges, was $243,334 compared with $228,160 in the preceding quarter and only $46,052 in the second quarter of 1940. Figures in each case are subject to audit and exclude non-operating income.

Provision for taxes was sharply higher in the second quarter at $115,000 against $76,000 in the first quarter.

Complete Expansion By 1942

"Under the pressure of demand by the United States-Canadian Material Co-ordinating Committee for increased nickel output your company has agreed to still further augment its war effort by enlarging its production facilities," states N. F. Parkinson, secretary, in the quarterly report. "This will cost in the neighborhood of $1 million," says Mr. Parkinson, "and should be in operation early in 1942. Its necessarily rapid amortization may prevent much benefit from profit increase."

Cash Assets Over $5 Millions

Balance sheet as at June 30, 1941, shows net working capital of $5,265,089 after deduction of $1,269,759 for liquid assets lost at the time of the invasion of Norway. A total of $1,250,000 was placed by the company in the last Dominion war loan.

Profits increased in the second quarter in spite of an increased development footage and the tendency to increased labor charges, it is noted.

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MONEY IN OIL?
A Patriotic Speculation
With Large Profit Possibilities

Our geologist, Dr. W. A. Kelly, of East Lansing, Michigan, has located a potential oil-bearing structure on the Island of Manitoulin. On his recommendation this company has secured leases on approximately 3,000 acres covering this structure on which it is proposed to drill three wells located and recommended by Dr. Kelly.

Besides possessing an actual terrace structure, as reported by Dr. Kelly, this company is moderately capitalized at 150,000 shares with no stock issued for properties or services. All issued stock has been paid for at $1 a share in cash.

The company has no liabilities and is in a sound financial position. Money received from sale of shares will be used efficiently and economically for drilling the wells recommended, the estimated cost of which is only $3,500 per well. As we hold three miles along structure, it is obvious that success in finding commercial crude production would mean very great profit possibilities from drilling further wells along structure.

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Vintners Gain Honor in Their Own Country

War Opens Export and Domestic Markets for Canadian Wine Makers

By W. BRUCE MacKINNON
Staff Writer, The Financial Post

Though sales are growing rapidly in the competitive markets of the West Indies and South America, the Canadian wine industry is fighting an uphill battle in selling the middle income brackets in Canada. Markets for lower grade wines have expanded rapidly with rising incomes, but the market for the highest grades is still a soft spot in the sales charts.

Direct reason for the improvement at home and abroad is the cutting off of European competition. Hope of the wine growers is that they can establish their position in the vacant market before competition revives.

And they're not doing badly. In the West Indies, for example, sales of all grades are increasing rapidly. Competition is stiff from California, Australia and South Africa, some from South America, but the Canadian wines, differing widely from competitive products, are creating their own demand. Sales to the West Indies rose from 2,836 gallons in 1939 to over 6,000 gallons in 1940, and are still mounting. Owing to exchange regulations only a third of the orders received in 1940 could be filled.

If Canadian wines can fight their way into competitive markets, what's the answer to the difficulty in breaking in on the home demand?

Advertising Bottleneck

Most important deficiency of Canadian wine is publicity. Advertising is shut out of Ontario, richest and least "sold" provincial market. Wine growers can distribute purely descriptive booklets to purchasers, and have more attractive retail outlets than sellers of other alcoholic beverages. But there, for the mass of Ontario sales prospects, the favorable publicity ends.

Another type of publicity which comes principally from police court news stems from the fact that low-priced wines can be "spiked" with anything from rubbing alcohol to anti-freeze, with damaging results on the reputation of the wine industry and on the police record of the consumer. In the records "wine" receives the blame and the pure product suffers from the published consequences of drinking "Dago Red."

But the wine growers are not out to capture the heavy drinker. Along with other producers of alcoholic drinks, the wine makers know that the heavy drinker is their biggest menace. What they do want to encourage is the easy drinker, the middle income consumer who now takes a cocktail before dinner when (the vintners say) he should be drinking sherry. To some extent it's a battle between grain and grape.

Above all, the wine grower wants to wean the domestic fine wine drinker from his conviction that foreign wines are "best."

The Search for Sweetness

With their restricted publicity all the wine men can do on this count is to improve the quality of their product and trust to luck that the potential consumer will ultimately find out about it. With stocks of imported wines practically exhausted wine growers count on 1941 to prove their case to the consumer.

The technical problem of making better wines in Canada centres on getting a sweeter, deeper colored grape in the shortest possible growing time. Canadian grapes carry 15% to 18% sugar, most of it between the skin and the pulp. California grapes run 24% and higher sugar content with the sweetness in the pulp as well as the juice. The sweeter the grape the less sugar has to be added in wine-making.

Both sweetness and the deep bluish red color required for ports, burgundies and clarets vary with sun, rain and soil, but the amount of sunshine the grapes get in the growing season is the prime factor. The Ontario Government, in whose territories nearly 90% of Canada's wines are produced, operates experimental stations, as do the larger wine companies, where vines are developed which will make the best use of the short growing season.

The experimental vineyards are a long way ahead of the commercial growers. For example, T. G. Bright & Co. have vines growing near Niagara Falls that were imported from Texas and grafted on Canadian roots. The vines have proved satisfactory and are being propagated rapidly. But after five years Bright's have only two and one half acres and when roots are sent to grape growers it will take three to five years before they mature and bear.

But improved types of grape are beginning to have their effect, and the gain in quality will be cumulative.

Parallel Processes

From the raw grape, wine-making processes are closely parallel the world over, and the Canadian vintners have employed the methods and often the individuals who have helped bring vinous fame to other districts.

Unexpected feature of the process is the extent of the scientific control in each step. Before the four to five-week grape harvest begins, each winery has to allot the crop among the various classes of white, golden and red wines. Each load of grapes is earmarked from crusher to fermenting vats, there to follow its own special formula.

In emergency, white wines can be made from blue (Concord) grapes, by crushing immediately after picking and separating out the skins. Otherwise, skins, pulp and juice all go into the vats, and the skins which float to the top are pushed down frequently to transmit as much of their color to the brew as possible.

Pedigreed Bacteria

The "bugs" which make Canadian wine are the same as used in Germany and France, lineal descendants of yeasts imported in cake or liquid form. If you left the fermentation to develop naturally, you might get good wine, but "wild yeasts" are just as likely to ruin the entire vat. The imported yeasts are strong enough to kill the wild bacteria and ensure the right type of fermentation.

Thus far there is little difference between methods of making foreign and Canadian wines, but after the "must," which is the crushed grape, starts to ferment, sugar is added to the domestic wines in amounts dependent on the type to be produced. In general, the more sugar the yeasts are given to work on, the more alcohol they produce. The more alcohol produced, the more the yeasts exhaust the sugar and drier will be the wine. A point is always reached, if the yeasts are let alone, where they produce more alcohol than is good for them and quietly pass out. But this point may leave the wine higher in alcohol or more bitter than is desired. Before it is reached the fermentation is stopped.

"Fortification" is part of the method of controlling the degree of fermentation, adds the alcohol that the yeasts themselves might have produced at the expense of spoiling the quality of the wine. The added alcohol is brandy, distilled in Canada from domestic wines. Fortification of wines bears no relationship to the "spiking" sometimes performed on the finished product. The alcohol content is raised to 30 to 35% proof spirits, or 15 to 18% of alcohol by volume. This compares with 100% proof for many hard liquors, about 50% alcohol.

Vintage and "Bubbly"

Two outstanding differences remain between the Canadian and imported product. First is the fact that Canadians do not adhere to the "vintage year" practice. Vintners in Canada prefer to blend the better with the poorer years, achieve a more uniform product. A point in favor of this practice is that it simplifies the buying problem of the consumer. It is felt that needless complexities and formalities have already grown up around wine-drinking that have helped bewilder the ordinary consumer.

Another difference is in making sparkling wines, champagne and sparkling burgundy. Two methods are in use in Canada, neither correspond exactly with the classical method. Old way of making champagne was to let the wine work in the bottle, get rid of sediment by freezing the wine in the neck and letting the pressure push out the dirt, refill under pressure and cork.

This keeps carbon dioxide gas in the wine, makes it bubble when uncorked. The "Charmat" process used by Chateau-Gai Wines in Canada is substantially similar, except that the wine works in a large flask and is bottled under pressure, the sediment falling to the bottom of the main flask. Remaining method, most generally used in Canada is that of straight carbonization. Those using this method point out that their wine can be pasteurized first, impossible with the classic method, then the carbon dioxide added. The carbon dioxide used is identical with that developed in the wine, may sometimes be chemically purer.

The Connoisseur-Complex

Actually, these technical differences have more psychological than real effect on the consumer. Only one person in a hundred is capable of being trained into a wine-taster, only one in thousands ever develops his taste to the point where he could tell whether a champagne had been carbonated or not.

Unfortunately for the people in the business, almost every drinker of liquor, soft or hard, is convinced of his own abilities as a connoisseur. Often this amounts to no more than a prejudice in favor of long-established brands. But it means that the comparatively young wine industries of Canada and the U. S., Australia and South Africa go to bat with two strikes on them. They are stacked against the imported types and judged according to the European type they most resemble. But wines from two different districts, even in the same region can never compare point for point.

The only final answer comes when a wine is judged and liked on its own merits. And that's where the Canadian wine growers are heading. Their chemists and tasters aren't out for the Frenchman's, or the Spaniard's laurels. They want their own. They back their hope with plenty of cash.

The Wine Balance Sheet

Invested in Canada's wine industry—not counting the grower's investment— is over $7 millions. Over $6 millions is in the Ontario industry, most of the rest in British Columbia.

Each year the industry pays out more than $2 millions for materials. About a third goes to the grape grower, a fourth for bottles and another fourth for sugar.

From these materials, and after paying $1 million in wages and salaries, the industry turns out four million gallons of wine annually.

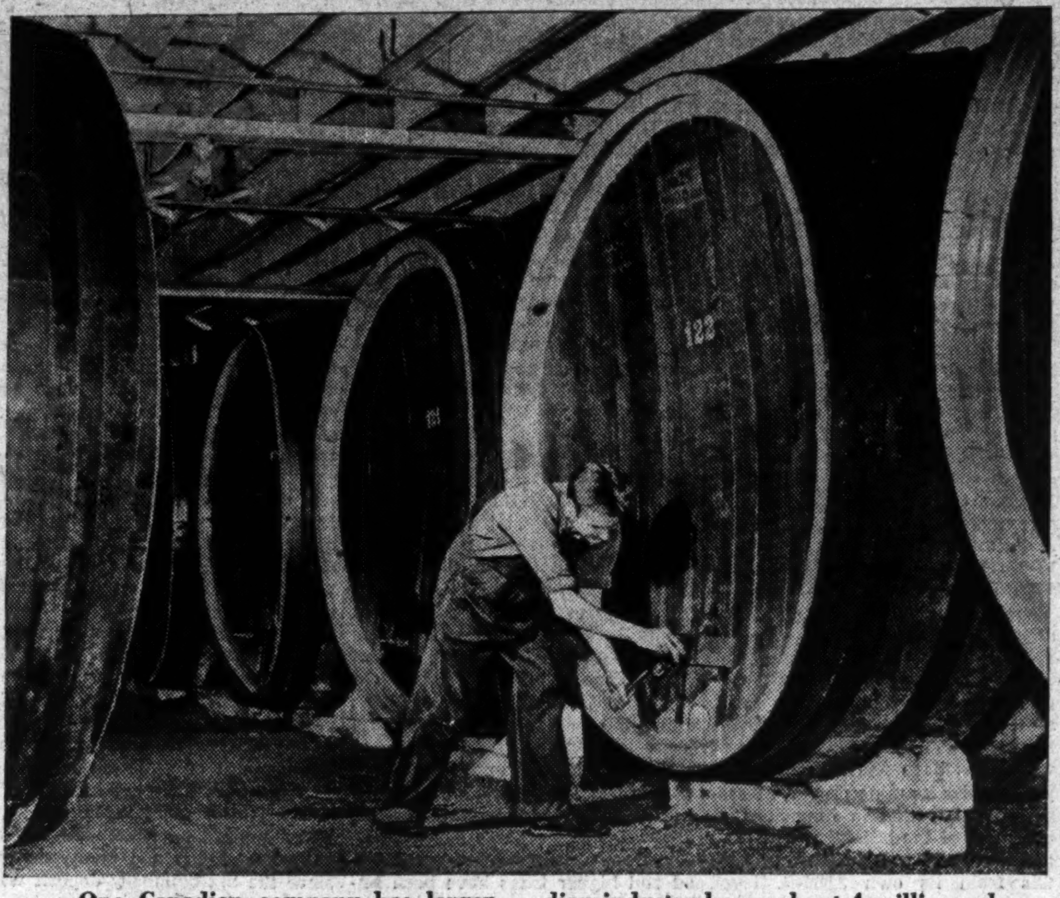
This is not sold until at least two years later—no wine bought from Canadian wineries is less than two years old.

Sales each year run three to three and a half million gallons, bringing the wine companies $4.5 to over $5 millions.

That leaves half to a million gallons annually to be stored in the big ageing vats which hold up to 75,000 gallons apiece. Reason for the heavy storage is that the industry is out to increase the average age of its wines.

Actually, ageing is an important but minor part of the battle as wines have most of the impurities removed before storing. Principal impurity is tartaric acid which is brought out by chilling, falls to the bottom and is drawn off as a liquid. Thereafter, ageing will improve a good wine, but the important thing is to turn out a good wine in the first place.

Public investment interest is largely confined to the shares of Chateau-Gai Wines Ltd., and T. G. Bright & Co. The former paid dividends totalling $45,600 in its latest fiscal year, the latter, which has about half of Canada's grape wine output, paid out $75,000 to shareholders.



One Canadian company has larger storage capacity than any other single wine producer in the world. The Canadian industry keeps about 4 million gallons constantly in storage, in vats such as the above, holding up to 100,000 gals.

But the biggest investment in the wine industry is the 16,500 acres devoted to grape growing. Mostly in the Niagara district, where land commonly fetches $1,200 to $1,500 per acre, the stake of the farmer is probably conservatively estimated at $16 millions. Some of the output goes to table grapes and grape juice manufacture, but when allowance is made for capital equipment invested by the farmer the differences partly cancel out, and $16 millions is probably a fair estimate of the agricultural investment.

Long-term Planning

In itself the size of the investment is one reason why the wine industry, more than other producers of alcoholic drinks is afraid of hostile legislation. Each vineyard has a four or five year period before the vines mature and bear, then up to 40 years of production. It's a slow process to get acreage transferred to better winemaking types of grape, and the good wine making types are often the poorest for other purposes. Anything that shakes the grape grower's confidence in the continued demand for wine tends to slow up the process of improving the vines.

What the industry needs rather than a sales boom is a period of steady development and growing confidence which would permit grower and vintner to go ahead with plans for the type of wine which will be available to the public in 15 to 20 years. The present improvement in demand will help chart this course, if it does not grow to the point where meeting current demands interferes with the long-term plans.

Only black spot left on the horizon is desultory talk of reviving prohibition. During the prohibition experiment wine got its boom and its black eye, because it was for years the only alcoholic beverage legally obtainable in Ontario. Although wine merchants made money, many overproduced and underaged their product. There were too many small, sometimes unscrupulous producers in the business. Result was that Canadian wines fell in quality, lost reputation. All wines suffered as a result of the home brewer's experiments.

In the last seven or eight years the industry has overcome the effects of prohibition. From 56 wineries in 1933 Canada's total has now dropped to 35—appears now to have stabilized. Although they do not believe a return of prohibition is likely the wine men know their future plans are balanced on a ballot box.

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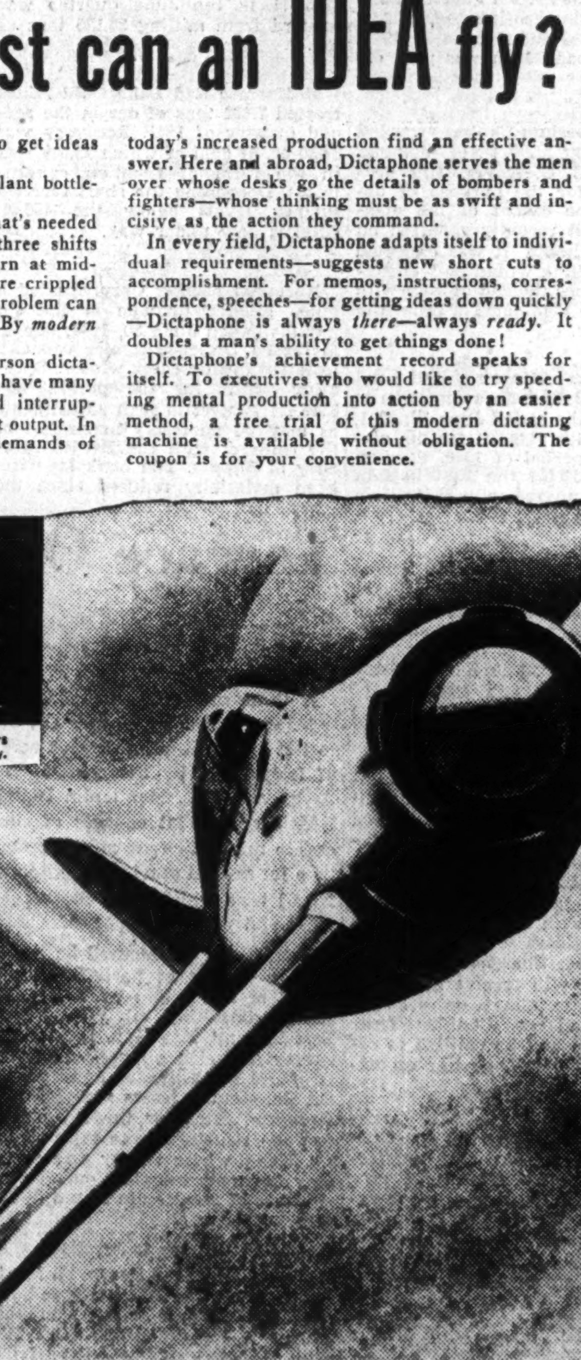

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Dictaphone is a modern, all-purpose dictating machine. It is easy to use. You can dictate fast or slowly, "listen back" and make corrections It enables you to dictate whenever you wish, without requiring the presence of a secretary. She is left free to do other work for you and protect you from interruptions. Try Dictaphone—and you'll never use any other machine or method.

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